

## Ethiopia And Eritrea Unleash Air Attacks

**Asmara Airport Is Hit;  
Washington Deplores  
'Escalation of Dispute'**

ASMARA, Eritrea — Eritrea and Ethiopia unleashed warplanes on bombing raids against each other on Friday, shattering hopes that a peace formula to quell their border war had been found.

African nations pleaded with two of the continent's poorest countries to halt their escalating conflict, while the United States protested that attacks on the airport in the Eritrean capital endangered foreign nationals as they tried to flee the country.

Eritrean warplanes bombed the northern Ethiopian town of Mekele twice. Witnesses said that dozens of people were killed and more than 100 wounded in the town of 300,000 people, about 150 kilometers north of Addis Ababa. There was no immediate verification of the casualty toll.

Four Ethiopian MIG-23 jets attacked Asmara airport, hitting both the civilian and military parts of the complex.

A Reuters correspondent at the scene said one Ethiopian plane was downed by Eritrean gunfire during the raid. A Zambian cargo aircraft parked on the runway was also hit.

Earlier in the day, the Eritrean government had appeared to cautiously accept an international four-point plan to settle its bloody border quarrel with Ethiopia.

The government of Eritrea said in a statement that "there are still serious issues of detail and implementation that need to be worked out in the period ahead."

The plan, brokered by diplomats from the United States and Rwanda, called for troops from Ethiopia and Eritrea to withdraw from disputed territory, for an observer force to be deployed, for the return of civilian administration to disputed areas and for an investigation into the roots of the conflict.

Prime Minister Meles Zeaawi of Ethiopia said Thursday that his government had accepted the plan.

Ethiopia and Eritrea have argued peacefully over their border for years, but the dispute turned violent on May 6, with each side accusing the other of invading.

The border dispute centers on a

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## French Strikes Snarl Travel; German Probe Slows Trains

France struggled through travel misery on Friday as a crippling pilots' strike dragged on for a fifth day and a train workers' walkout caused more delays.

France's SNCF railways said that train services should improve over the weekend as personnel returned to work after a 36-hour walkout.

SNCF said it would have normal service on almost all its TGV high-speed lines, but it warned that there could still be some lingering disturbances on the heavily traveled Paris-Lyon line.

Other main line services should be normal everywhere but in some areas of southern France.

In Germany, delays were expected in about 30 of Germany's main rail stations after many of the high speed trains of the same model that crashed this week were withdrawn for safety checks, the rail company Deutsche Bahn said.

The company will distribute leaflets to passengers proposing alternate routes, but they will not be as fast as the Inter-City Express trains and may require changing trains, involving delays of about a half hour. Page 2.



A German policeman searching through the jacket of a train-disaster victim in Eschede as work on identifying the dead continued.

## India Assails Big Powers on Treaties

**It Says They Condone Violations of 'Deeply Flawed' Nuclear Pacts**

Compiled by Our Staff From Dispatches

NEW DELHI — India accused the five major nuclear powers on Friday of condoning violations of the Nuclear Nonproliferation Treaty and rejected their criticism of a series of nuclear tests that precipitated a riposte by Pakistan.

A statement from the Foreign Ministry repeated India's position of demanding nuclear disarmament by all world powers. It asserted that existing nuclear treaties were "deeply flawed and discriminatory" and "legitimized the possession of nuclear weapons by a few countries."

It rejected outside mediation over Kashmir, which has caused two wars between India and Pakistan.

By contrast, the Pakistan government issued a statement in Islamabad voicing "satisfaction" with disarmament talks in Geneva and saying they showed that the global community recognized the urgency of addressing security issues in

South Asia, especially Kashmir.

Pakistan promised to act responsibly but said it would not allow itself to fall behind India.

"While we will not provoke escalation, our responses will be carefully calibrated to respond to any provocation or escalation by India," Pakistan said.

But in its first response to Thursday's statement by the United States, China,

Miscalculation is feared in a Kashmir confrontation. Page 7.

Russia, Britain and France, India's Foreign Ministry also said, without naming China or Pakistan.

"The clandestine transfer over the years of nuclear weapons technology and fissile material to our neighborhood is well known."

India asserted that the big powers "are not unaware that one of the most

serious threats to our security has arisen because of the nonobservance of the obligations they have undertaken" under the nonproliferation treaty.

"Nevertheless," the Indian statement said, the five major powers "have declined to take any action to address a serious violation of a treaty provision to which all of them were party."

It said India had not violated any treaty provisions it had undertaken.

"Our tests are not directed against any country," the statement said. "We have not raised tensions nor do we intend to do so. India remains strongly committed to a comprehensive, universal and nondiscriminatory global nuclear disarmament regime."

Foreign ministers of the five big states, meeting in Geneva on Thursday, called on India and Pakistan to "stop all further such tests" and refrain from

See INDIA, Page 7

## VW Wins Battle For Rolls-Royce

**BMW, Its Bid Thwarted, Vows  
To Stop Supply of Engine Parts**

By Tom Buerkle  
International Herald Tribune

LONDON — The eight-month-long battle for control of Rolls-Royce Motor Cars Ltd. ended in victory for Volkswagen AG on Friday, ensuring that the automotive world's premier luxury brand and a venerable British institution would pass to the German producer of the people's car.

Volkswagen's £430 million (\$704 million) offer won overwhelming approval from the shareholders of Rolls-Royce's parent, Vickers PLC, frustrating a rival bid from Bayerische Motoren Werke AG as well as a group of Rolls-Royce owners who failed to put a credible offer on the table.

It was a victory for cold, hard cash over patriotic sentiment. The four-hour extraordinary shareholder meeting was dominated by a barrage of complaints from small investors about the loss of British control over Rolls-Royce, whose 92-year tradition of quality craftsmanship and exclusivity represents the best of British industry for many in this country.

Michael Shrimpton, a barrister who led the buyout attempt by Rolls-Royce owners, called the sale "a tremendous blow to our national prestige."

Another spoke ominously of a transition to the "Rolls-Royce" of an implication of inferior quality that now stands as one of the acquirer's biggest challenges to overcome.

But the emotional appeals proved useless. The issue had been decided even before the proceedings began by the pension funds, insurance companies and other institutional shareholders who hold the vast majority of Vickers' shares. They voted by proxy by a margin of more than 40 to 1 to go with Volkswagen, which offered £90 million more cash than BMW.

Those institutional shareholders accepted the advice of Sir Colin Chandler, the Vickers chairman. After recalling how losses at Rolls-Royce had brought Vickers to the verge of collapse in the early 1990s, Sir Colin argued that the car company's future could be assured only in the hands of a global powerhouse with deep pockets and technological expertise. And he stressed Volkswagen's stated commitment to maintain production at the company's plant in Crewe, England. "It's location that counts, not ownership," Sir Colin said.

Graham Morris, the chief executive of Rolls-Royce, said, "We would love to stay British, but we have to be realistic."

"For the 2,500 people who work at Crewe, this is the alternative," he said, referring to the Volkswagen offer.

With the vote, Rolls-Royce will follow makes like Jaguar, MG, Aston Martin, Rover and Vauxhall into foreign ownership. There are no major independent car manufacturers left in British hands. The sale leaves Vickers to concentrate on its remaining businesses of marine propulsion systems and building tanks.

In Germany, a spokesman for Volkswagen welcomed the decision and promised that the company would carry on the Rolls-Royce tradition of quality and exclusivity. "We intend to preserve all these characteristics and help the company to maintain and build on its well-established reputation as the maker



Mr. Morris, Rolls-Royce's chief executive: "We have to be realistic."

## Motorola, Hit Hard by Asia, To Eliminate 15,000 Jobs

Compiled by Our Staff From Dispatches

CHICAGO — A day after announcing it would eliminate 15,000 jobs, Motorola Inc., the world's top cellular phone maker, issued a tough warning Friday about hard times ahead in the semiconductor industry because of Asia's economic crisis.

Motorola, also a leading chip maker, said its failure to meet earnings forecasts was due to a drop in semiconductor sales caused by the Asian downturn.

Late Thursday, Motorola announced that it would eliminate 15,000 jobs, or 10 percent of its work force, and take a \$1.95 billion charge against second-quarter earnings, the direst indicator yet of tough times in the semiconductor industry.

Motorola also warned Wall Street that it would report an operating loss for the second quarter, its first such plunge into the red since the semiconductor industry's slump of 1985.

The chief executive, Christopher Galvin, in a rare appearance on a conference call with analysts Friday, said that he was "extraordinarily cautious" about the computer-chip business for 1998 and expected steep price erosion. The company also said it expected a loss in its paging business.

"Some people have downplayed Motorola's repeated earnings disappointments because of the problems in their communications businesses, but this clearly shows the semiconductor industry is suffering from overcapacity exacerbated by the economic crisis in

See ROLLS, Page 4

See MOTOROLA, Page 4

## 3 Swiss Banks Said to Offer A Settlement

By David E. Sanger  
New York Times Service

WASHINGTON — Switzerland's three major commercial banks have offered a settlement totaling more than \$1 billion to end suits brought by Holocaust victims and their survivors who contend that the banks failed to return their assets after World War II, according to people familiar with the negotiations.

The offer was made late last week, days before the New York State Banking Department was scheduled to decide whether to approve the merger of the New York branches of two of the banks, the Union Bank of Switzerland and the Swiss Bank Corp., to form the world's third-largest bank.

The Banking Board approved the merger on Thursday, after declaring that the Swiss institutions had undergone a "sea change in their attitude" and had opened long-secret records that enabled bank inspectors to trace accounts that had been dormant.

The World Jewish Congress, a pivotal negotiator in the tense talks between the banks and Holocaust survivors, offered no objections Thursday, another sign that settlement negotiations are making rapid progress.

Negotiations between those two banks and the third, Credit Suisse, as

See BANKS, Page 4

## Physics Abuzz: Neutrinos Have Mass

By Malcolm W. Browne  
New York Times Service

TAKAYAMA, Japan — In what colleagues hailed as a historic landmark, 120 physicists from 23 research institutions in Japan and the United States announced Friday that they have found the existence of mass in a notoriously elusive subatomic particle called the neutrino.

The neutrino, a particle that carries no electric charge, is so light that it was assumed for many years to have no mass at all. After the announcement, cosmologists will have to confront the possibility that much of the mass of the universe is in the form of neutrinos. The discovery will also compel scientists to revise a highly successful theory of the composition of matter known as the Standard Model.

Word of the discovery had drawn about 300 physicists

here to discuss neutrino research. Among other things, they said, the finding of neutrino mass might affect theories about the formation and evolution of galaxies and the ultimate fate of the universe. If neutrinos have sufficient mass, their presence throughout the universe would increase the overall mass of the universe, possibly slowing its present expansion.

But others said the newly detected but as yet unmeasured mass of the neutrino must be too small to cause cosmological effects. Whatever the case, there was general agreement here that the discovery will have far-reaching consequences for the investigation of the nature of matter.

Speaking for the collaboration of scientists who discovered the existence of neutrino mass using a bug un-

See NEUTRINO, Page 4

## AGENDA

### Fayed Calls Diana's Mother A 'Snob' and 'Bad Parent'

PARIS (Reuters) — Mohamed al Fayed, the father of Dodi al Fayed who died with Diana, Princess of Wales, in a Paris car crash, bitterly attacked Diana's mother, Frances Shand Kydd, on Friday, calling her an English snob and a bad parent.

"She's not a good mother," the Egyptian businessman said as he left an all-day questioning session conducted by the French judge investigating the Aug. 31 accident.

"She can go to hell!" he shouted, adding that Mrs. Shand Kydd had deserted Diana when her daughter was just 6.

"She didn't give a damn about her."

Mr. al Fayed, who owns Harrod's department store in London and the Ritz Hotel in Paris and has been denied British citizenship, unleashed his verbal assault when asked if he had spoken to her during the day's questioning.

"People like that are on another planet," he said, blaming her "English snobbishness." Page 5.



Mohamed al Fayed gesturing after the hearing into Diana's death recessed Friday in Paris.

## Spurt of Job Growth Buys U.S. Markets

The American economy unexpectedly churned out nearly 300,000 new jobs in May, holding the unemployment rate at a 28-year low of 4.3 percent, the U.S. Labor Department said Friday.

Stocks and bonds rose sharply after the report, which also showed wages rising at a tame pace. The unemployment rate matched April's and was the lowest since February 1970. Page 11.

Newsstand Prices

Antonia	10.00 FF	Lebanon	11.3000
Antilles	12.50 FF	Morocco	18 Dh
Cameroon	1.600 CFA	Oman	10.00 QR
Egypt	10.00 FF	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Ghana	1.100 CFA	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dn
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mk. (Eur.)	\$1.20





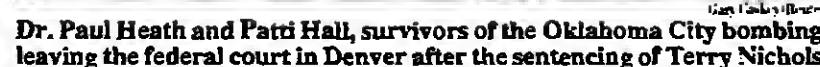




**By Stephen Labaton**  
*New York Times Service*

But even if the court honored their request, the final decision, assuming it went to the Supreme Court again after the appeals court ruled, would not come before Election Day, because the high court will recess this month and not return until October.

"If a report came to us that was ambiguous and it didn't have enough substance for us to pursue, it would not be helpful," said Representative John Linder, the Georgian who heads the reelection committee for Republican members of the House. But he added that compelling evidence that the president had committed a felony could sharply alter the mood of the public.



**By Tom Kenworthy**  
*Washington Post Service*

"That purpose was to disrupt, to disorganize, to intimidate the operations of those agencies and of the U.S. government," he said.

The judge said of Mr. Nichols: "What he did was participate with others in a conspiracy that would seek to destroy all of the things that the Constitution protects." The judge said his obligation was to "preserve, protect and defend the Constitution" against "all enemies, foreign and domestic."

The Justice Department planned to release later Friday a letter to Senator Ron Wyden, Democrat of Oregon, and

The vote doomed the measure for now, but it had no future in the Senate anyway.

### Quote/Unquote

what he was trying to do men for the Democratic Party and for our country have been about in the last few years — trying to get people to give up the old dogmas, trying to bring people together, trying to go beyond the sort of stale liberal-conservative name-calling and figure out a policy that was both humane and effective. A lot of what he said and did pre-figured what we have tried to do in our time.” (WP)

● Jails across the country should test all inmates for sexually transmitted diseases, the government said, because of high rates of infection. (AP)

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GAME 6	GAME 7	GAME 8	GAME 9	GAME 10
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# Kosovo Refugee Tide Growing

By Chris Hedges  
New York Times Service

PADESH, Albania — President Slobodan Milosevic of Yugoslavia has unleashed the largest military operation in the Balkans since the end of the war in Bosnia, driving thousands of ethnic Albanians from the border area and shelling and burning their villages.

At least 10,000 refugees have streamed through the mountain passes and thousands more are reported to be hiding in forests on the other side of the border, according to United Nations officials, refugees and aid groups.

[Albania's foreign minister, Paskal Milo, said Friday that 20,000 people had fled shooting in Serbia's province of Kosovo and crossed into Albania. This is double the estimates of the UN refugee agency. Mr. Milo spoke on the situation while attending a regional summit meeting in the Black Sea resort of Yalta, Ukraine.]

"People are trying to hang on, desperately hoping that the world will intervene to save them," Besim Alija, 36, said as he stood with people from his village who had been walking for two days.

"We could not hold out any longer. There are thousands more behind us. Once they realize there is no hope, they will follow. Everyone is being attacked from three sides. Only the border area is safe. You flee or you die."

President Milosevic is trying to crush the separatist rebellion in Kosovo, where ethnic Albanians outnumber Serbs nine to one and have long resisted Serbian rule.

The military attack is aimed at stopping the flow of fighters and smuggled weapons from Albania by driving Kosovo residents sympathetic to the rebellion out of villages on the Albanian border.

Mr. Milosevic apparently wants to set up a kind of "sanitary cordon" to tighten his control over Kosovo. Diplomats and military officials worry that the es-

calating conflict could draw the region into a wider war.

Mr. Milosevic's decision to attack the rebels undermines a United States diplomatic effort to bring the two sides together. In May, Richard Holbrooke, a special envoy, persuaded Mr. Milosevic to ethnic Albanians. As a result, he called for sanctions on Belgrade to be suspended.

The reversal angered many European

**'People are trying to hang on, hoping desperately that the world will intervene to save them.'**

allies, since Washington had pressed Europeans to adopt them.

Mr. Milosevic has been unable to seal off the mountainous and desolate border region. During the last few weeks he has watched weapons, supplies and mercenaries — many of them veterans of the Bosnian conflict — flood in to build up the Kosovo Liberation Army, Western diplomats said.

The rebel force is fighting for a separate state. It already controls as much as 40 percent of the province and for the last three months has been engaged in daily hit-and-run clashes with the police and the military.

Now thousands of villages lie empty, shattered by heavy shells and in flames, according to refugees who arrived in this mountain pass.

They said that Serbian soldiers were slaughtering cattle, sheep and horses and firing on families in the hills with helicopter gunships and mortars.

There is only one route left open to the refugees, over the razor-back peaks of the Repet Mountains.

At nightfall, hundreds of Kosovo residents flee to the peaks, wait for dawn amid the forbidding stone crevices, then make their way down the precarious

paths to Albania, according to refugees and refugee aid groups.

At least half a dozen have died in the last stretches of the trek, including two children, and dozens more are thought to have died on the Kosovo side of the border, relief officials say.

Many of those who arrive have been wounded by fragments of mortar and artillery shells.

Mr. Milosevic closed off an area in central Kosovo in March. Special police units killed at least 80 people in villages where the guerrillas had operated.

Far from crippling the rebel movement, the attack saw hundreds of thousands of young men swell the guerrilla ranks and tons of weapons and ammunition pour across the border on mule trains.

Last week, President Bill Clinton met with ethnic Albanian leaders from Kosovo, who said they received assurances that Washington would not allow their Kosovo homeland to suffer the fate of Bosnia.

## Kosovo Boycotts Talks

Ethnic Albanian representatives refused to attend talks with a Serbian government delegation in Pristina, the Kosovo capital, because of the latest military violence, Agence France Presse reported.

Despite U.S. diplomatic pressure, the Albanian delegation felt the talks, which started May 22, could not take place in light of the Serbian offensive in the province, especially in the western Decani region, Berlin Shala said.

"The latest events show that the efforts of the international community to stop the violence were not enough," Mr. Shala said.

He called on the contact group for former Yugoslavia, the UN Security Council and NATO for urgent discussions of the Kosovo crisis.

Mr. Shala spoke after a series of talks between Kosovo Albanian negotiators and the U.S. ambassador in Macedonia, Christopher Hill.



Kosovo residents carrying what they can from home and herding their livestock over the mountains to Albania.

## ROLLS: Volkswagen Wins Battle for Venerable British Institution

Continued from Page 1

of the best cars in the world," the spokesman said.

That could prove to be a tougher challenge than the bidding contest itself. BMW, whose bid was endorsed by the Vickers board before Volkswagen entered the fray, immediately announced it would stop supplying engines and other key components to Rolls-Royce in a year's time. BMW also said it would develop its own line of super-luxury cars, a step that Mercedes-Benz also is contemplating.

As part of its deal, Volkswagen also will buy the Cosworth engine division from Vickers for £120 million, a unit it plans to use to fill the engine gap. But analysts said it would be difficult and costly to find substitutes in one year for BMW parts that make up as much as 30 percent of the component cost of some Rolls-Royce models.

Volkswagen also must persuade the wealthy of the world to continue to spend \$250,000 for a vehicle made by a company that has become Europe's volume leader by selling cars for mainly

under \$20,000 apiece. And it must maintain the brand's exclusivity even as it ramps up production to as much as 10,000 cars a year from just over 1,900 last year.

"Clearly a big change of perception is going to happen here," said John Lawson, automotive analyst at Salomon Smith Barney. "Volkswagen will have to establish its own credentials in making that a world-class vehicle." Volkswagen also faces difficult negotiations with Rolls-Royce PLC, the aircraft engine maker that shares rights to the Rolls-Royce brand name and logo and had allied itself with BMW.

Friday's shareholder meeting contained some drama as Mr. Shrimpton, lobbying on behalf of the enthusiasts group named Crewe Motors, appealed for a 14-day delay to firm up its bidding plans. He did win an hour's suspension of the meeting to put its best case to the Vickers' board, but he was unable to provide guarantees of financing or identify his backers. Sir Colin dismissed his effort as "an undignified scramble to raise money with no substance to it." But the real passion came from a number

of devotees that included small shareholders of decades-long standing, a Rolls-Royce chauffeur and a great nephew of the company's founding father, Sir Henry Royce.

The latter, Peter Royce, accused the board of "welshing on a deal" by first accepting BMW's offer in April then spurning it when VW came along with more cash last month. "This is Britain," he said. "We do not do business like that in Britain."

Martin Simons, a retiree and small shareholder, dismissed the meeting as "a farce" because of the advance voting by institutional shareholders. He also bemoaned the fact that Rolls-Royce was passing into German hands like many of Britain's investment banks, a fact he insisted was more important than the 25 pence a share premium that investors would get from Volkswagen.

"The whole thing is much more fundamental than an extra 25 pence to the shareholders. Fiddle that," Mr. Simons said. But the proxy vote was a landslide. Owners of 4,729,935 shares voted in favor of Volkswagen and only 108,748 against.

## MOTOROLA: Hard Times Will Cost the Company 15,000 Jobs

Continued from Page 1

Asia," said Charles Hill, director of research at First Call Corp., a Boston-based firm that tracks corporate earnings estimates of Wall Street analysts.

Indeed, Motorola's bad news merely put an exclamation point on what others in its industry had been reporting. National Semiconductor warned investors early in the spring that Wall Street's projections for its recently completed second quarter were too high. (Those figures have not yet been reported.)

Last month, Analog Devices, a chip maker, Applied Materials, a leading supplier of semiconductor manufacturing equipment, and AMP Inc., the world's leading supplier of connectors and other passive components used on chips, issued similar warnings.

In Asia, South Korean, Japanese and Taiwanese semiconductor companies are cutting back production as they joust for declining market share.

Motorola, based in Schaumburg, near Chicago, has about 150,000 employees worldwide. The 10 percent cut will come through attrition and layoffs, said a company spokesman, David Rudd.

The company declined to comment on where the layoffs would be concentrated. The domestic semiconductor operations are based primarily in Arizona.

Mr. Galvin said consolidation would take place throughout the company, with emphasis on semiconductor products and messaging, information and media segments.

The company has suffered a double whammy. Demand has slowed in Asia for many of its cellular phones, pagers and other products, most of which contain Motorola semiconductors.

At the same time, there is heightened competition from Asian manufacturers.

It has been difficult to offset those problems, in part because Motorola has funneled the move from analog to digital wireless phone technology, and the

once-rapid growth of its domestic paging business has slowed.

Some investors were encouraged that even with the gloomy forecast, Motorola was moving to address lagging profits in five of the past eight quarters. Motorola rose 1/8 to 51 5/8 in early trading. The stock has tumbled 42 percent since July.

"Any action that Motorola takes at this point is going to be viewed as positive," said Chris Chaney, an analyst at A.G. Edwards & Sons, who has a "maintain" rating on the stock.

Motorola was expected to earn 21 cents a diluted share this quarter.

Motorola's second-quarter earnings are expected to fall well below analysts' forecasts.

In the first quarter, the company's net income fell to \$180 million, or 30 cents a diluted share, from \$325 million, or 53 cents a share in the comparable period a year earlier. (NYT, Bloomberg, AP, Reuters)

## NEUTRINO: Physicists Find That the Elusive Particle Has Mass

Continued from Page 1

derground detector called Super-Kamiokande.

Takaaki Kajita of the Institute for Cosmic Ray Research of Tokyo University said that all explanations for the data collected by the detector had been essentially ruled out except for one: the existence of neutrino mass.

Yoichi Totsuka, leader of the coalition and director of the Kamioka Neutrino Observatory where the underground detector is situated, 50 kilometers (30 miles) north of here in the Japan Alps,

acknowledged that his group's announcement was "very strong," but said, "We have investigated all other possible causes of the effects we have measured, and only neutrino mass remains."

John Bahcall, a leading neutrino expert and astrophysical theorist at the Institute for Advanced Study in Princeton, New Jersey, said in an interview that there had been many claims in recent years of the discovery of neutrino mass by other groups. "But this one is by far the most convincing," he said. "Besides the strong evidence they have found, this team has a magnificent track record of discoveries."

But because the elusive particles cannot be seen, there is only indirect evidence that they have mass.

Under the Standard Model of matter, neutrinos come in three types or "flavors." The data gathered by the Super-Kamiokande team during the two years the detector has operated indicate that at least one of these three "flavors" can "oscillate" into one of the other flavors as it travels along at nearly the speed of light. According to the theories of quantum mechanics, any particle capable of transforming itself in this way must have mass.

Study of the neutrino particle has been glacially slow since its existence was hypothesized in 1931 by the Austrian physicist Wolfgang Pauli as a way to explain the mysterious loss of energy in certain nuclear reactions. The particle was finally discovered in 1956 by two physicists at the Los Alamos National Laboratory, Dr. Frederick Reines (who was awarded a Nobel Prize for the discovery) and the late Dr. Clyde Cowan.

But understanding of the particle since then has been acquired painfully slowly because neutrinos have no electric charge and rarely interact with any kind of matter. A neutrino so rarely collides with an atom of ordinary matter that a typical neutrino can easily penetrate a piece of lead one light year thick — about six trillion miles — without hindrance.

But once in a great while, a neutrino does hit an atom and the resulting blast of nuclear debris supplies clues about the neutrino itself. The debris generally includes many particles that can race through water, mineral oil or even ice, sending out shock waves of blue light. This light, called Cherenkov radiation, can be detected by sensitive light sensors and measured.

## SHIP: 18-Deck Cruise Liner Marks a Very Large Trend and Aves Venice on Its First Call

Continued from Page 1

movie came out, and have been on Princess cruises before," Stephanie Woods, 28, an assistant cruise director, said. "But you can tell they have seen the movie: they pay more attention during the safety drills."

The scheduled maiden voyage leaving Southampton, England, on May 14, was canceled at the last minute when P&O decided some of the fixtures and fittings were not up to standard. The company

offered refunds to passengers who had paid from \$4,000 to \$10,000 each.

Passengers who left Istanbul on May 26 on the Grand Princess and made stops in Turkey, Greece and Italy reported some glitches, like dripping air-conditioners and malfunctioning laundromats, but there were few deep-felt complaints. The cruise was to end Saturday in Barcelona.

"The food isn't quite up to par yet," Bernice Mehrbrodt, 67, of Santa Barbara, California, confided as she inspec-

ted the menu in the 500-seat Leonardo da Vinci restaurant. "But it's the first time out, and there are always a few kinks. We're having a wonderful time."

Four cruise veterans who were admiring the roofs of Venice on Sunday from a glassed-in nook of the discotheque compared notes on past and present voyages. John Clark of Toronto sailed on the German liner the Bremen in 1932 and shared a dining-room table with the king of Saudi Arabia aboard the Span-

ish liner Queen Anna Maria in 1966.

He expressed some scorn for the more middle-class cruises prevalent today. "I am 92," he explained grumpily. "The only trip that will take me is a cruise."

His companions were more impressed by the world's highest cruise ship, but also expressed some wistfulness of scale. "I'm glad we came," said Jacqueline Smith, 74, of Fort Worth, Texas. "I'm having the best time I've ever had. But secretly, I think I like the smaller ships better."

## TEEN-AGE Q. & A. By Randolph Ross

ACROSS	1 — salad	11 Churchill's "I'm"	14 Cassius's costume	18 Welcome sign	19 The Sorbonne, e.g.	20 Padilla plot	22 Conet competitor	23 Q: — A: Later	27 Calf additive	28 Beverly Hills 90210	29 Restaurant owner and others	30 Originate	31 Sister of Terpsichore	33 Happy-lark go-between	34 Open, in a way	35 Q: — A: Out	44 It's charged	45 Egg manufacturer	46 Hollow eading	47 — Bator	48 Indian Prime Minister, 1991-96	49 The others	51 Sch. supporters	52 River of Tours	53 Aeronautical feat	54 Q: — A: O.K.	55 Some computer keys	56 Med. drips	61 Comprise	62 Payments for releases	64 Genetic ints.	65 Took off a ship	66 Just beat	69 Play to the winner	70 Five-time Kentucky Derby winner	71 Q: — A: Friends	78 "C.C." creator	80 Teased teen-agers																	
DOWN	1 Hood	2 A few laughs	3 Actor Mowles	4 Tailor, at times	5 All, speedster	6 Blood	7 Component	8 Farm females	9 Frazier foe	10 Gets into trouble, maybe	11 Popular fast-food chain, informally	12 Very much	13 Winter woe	14 Exotic vacation spot	15 Spanish eyes	16 Willing	17 Fire	18 Roman ruler known as "the Impaler"	19 Rye filler	20 Creggy	21 Part of X-X-X	22 I don't have any	23 "Jug handles"	24 Bend rating	25 "Whoopee" songwriter	26 Painter El — "Makin' Malin"	27 "Whoopee" songwriter	28 Vault	29 Tierra del Fuego, e.g.	30 I don't need one	31 Tuner	32 Crenmate of Scotty	33 Instant	34 Words of wisdom	35 Not rash	36 Vegas action	37 Bury	38 Code name	39 Area covers	40 Press	41 Staff sgt., e.g.	42 Charlie of the 60's Orioles	43 Confuse	44 "Well begun is half done" writer	45 "That was close"	46 Neighborhood	47 Cheers	48 Master's ordeal	49 "If — nickel"	50 Put — (ask hard questions of)	51 Eye drop	52 "Darn it!"	53 "Chin's"	54 Suit to —	55 O.E.D. entries

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## BANKS: \$1 Billion Is Reportedly Offered in Holocaust Settlement

Continued from Page 1

well as lawyers for more than 40,000 plaintiffs and Jewish groups, will resume on Friday at the Four Seasons Hotel in New York.

In a conference call Thursday afternoon run by Stuart Eizenstat, the undersecretary of state for economic affairs, all sides appeared to be moving toward an agreement that could total \$1.6 billion or more. During the call, lawyers for the banks said the chief executives of the major Swiss banks would be available, by telephone, to

participate in the talks.

But it seems quite unlikely that a final deal will be struck for several weeks. "There is a lot of haggling remaining," said one person at the talks, who are under rules of strict confidentiality.

"And it's always possible that things could fall apart."

[A spokesman for the Credit Suisse Group in Zurich denied reports of a settlement offer, according to the Associated Press. "The negotiations are in progress," said the spokesman, Paul Rhy. "We already said in April that we are in a phase where we can start talking

about figures." (Jeff Taubfield, a spokesman for the three banks in New York, declined to comment on reports of the offer.)

In March, the Swiss banks reversed their previous stance and agreed to negotiate a global settlement for all the Holocaust assets. Thursday it appeared that a settlement would include several elements.

The plaintiffs in the class-action suit, which is meant to include all surviving Holocaust victims and many of their heirs, could receive more than \$1 billion. Several hundred million dollars — up to \$600 million by some accounts — would go to a fund intended chiefly for indigent Holocaust survivors, including those who had no deposits in Swiss banks.

And there would be a "rough justice" fund for settlements with survivors and heirs who could show that their families had some money in Swiss banks but could not produce exact records.

The shape of the deal is under negotiation, however, and one person close to the talks said, "Getting the two sides to come to an agreement may be easier than getting the claimants to agree with each other or getting the Swiss to agree with each other."

The banks have a clear incentive to settle. Their business in the United States has been harmed by the threat of sanctions in New York City and California. But the Swiss National Bank, Switzerland's central bank, has refused to take part in settlement talks. A Swiss historical commission and the State Department, which issued a final report this week on Nazi gold issues, have determined that the Swiss National Bank accepted the vast majority of the gold looted by the Nazis, including gold taken from the homes and, sometimes, the bodies of Holocaust victims.

The gold was melted into bars to hide its origin and pay for war material for the German military, the State Department report said. This week lawyers representing the Holocaust victims said they planned to sue the Swiss National Bank. But Thursday they decided to postpone that move.

## ERITREA: Air Raids in Horn of Africa

Continued from Page 1

rocky, 400 square kilometer triangle of land that both countries claim, although Eritrean forces have also crossed into territory that is indisputably Ethiopian.

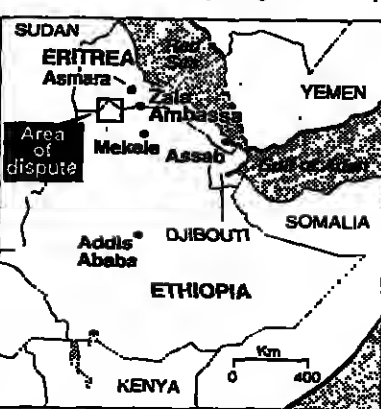
Britain urged its citizens Friday to leave Eritrea because of the clashes and said it was trying to arrange flights out of Asmara.

The United States and Britain have ordered the evacuation of all nonessential personnel and their families. "We deplore this serious escalation of the dispute," a State Department official in Washington said of the air raids.

Earlier Friday, diplomats from the United States and Rwanda left Asmara for Burkina Faso to report on the crisis to members of the Organization of African Unity gathering there for a summit meeting.

Eritrean forces have pushed at least 10 kilometers into Ethiopian territory at Zala Ambessa, about 150 kilometers southwest of Asmara, since last weekend, when they said they had repulsed and then countered an Ethiopian attack.

A senior commander at Zala Ambessa said Thursday that the Eritrean operation was nearly over. "We have done what we need to," the commander said. "It could be time to leave."



Both sides have mobilized veterans of the guerrilla struggle that overthrew the Ethiopian military dictator, Mengistu Haile Mariam, in 1991.

Eritrea was rewarded for its efforts with independence from Ethiopia following a referendum in 1993. The two countries were on friendly terms until the border disagreement turned violent last month.

Ethiopia has told Eritrea to cut the size of its embassy in Addis Ababa to three people and has given all other diplomats seven days to leave, Foreign Minister Haile Welteyesse of Eritrea said Friday.

Inquest on Judge Gathers II

Beijing Thru Outspoken

Tutu Scoffs at To Blame



# Inquest on Diana's Death

Judge Gathers Witnesses to Re-enact the Scene

By Charles Trueheart  
Washington Post Service

PARIS — For the first time since the auto accident that killed Diana, Princess of Wales, in Paris on Aug. 31, all but one of the known witnesses to the midnight crash and its immediate aftermath appeared together Friday to re-enact the scene before a French investigating judge.

The extraordinary daylong proceeding, behind closed gates at the Palace of Justice, drew the nine photographers and a motorcycle driver who are under investigation for manslaughter for possibly provoking the accident by chasing the Mercedes that carried Diana, her friend Dodi al Fayed, the chauffeur and a bodyguard.

Only the bodyguard, Trevor Rees Jones, survived the impact of the car against the unprotected pylon of a highway underpass near the Pont de l'Alma on the right bank of the Seine River. The investigating magistrate, Herve Stephan, allowed Mr. Rees Jones, who is recovering in Britain, to not take part in the session Friday.

"It's the 40th time we have answered the same questions," said Nikolas Arsov, one of the paparazzi under investigation. "It's annoying, but what can you do? They have to do their job," he told The Associated Press.

The photographers have not been formally charged with any crime; Judge Stephan's protracted investigation is to determine whether any should stand trial.

Eight other witnesses to the accident, or to the way pho-

tographers and doctors behaved afterward, also appeared, as did Frances Shand Kydd, Diana's mother, and Mohamed al Fayed, Dodi's father and the owner of the Ritz Hotel in Paris.

As the employer of Mr. Rees Jones and the car's driver, Henri Paul, and as the father of Dodi, Mr. al Fayed was granted status as a civil party to the case, which gives him full access to the inquiry.

"I hope that God will find the truth for us," Mr. al Fayed said Friday as he left the Ritz. According to lawyers at the hearing, one photographer, Romuald Rat, was harshly questioned by lawyers for Mr. al Fayed, who tried to establish that he pursued the Mercedes that night, The AP reported.

"I followed it," Mr. Rat responded. "I did not pursue it."

During an afternoon break, Mr. al Fayed railed against the paparazzi. "If I was not in a courtroom, I would hang them all," he said.

"The immorality, the inhumanity of what they did," he said. "They were like vultures around the bodies."

Mr. al Fayed also had harsh words for Diana's mother. "She won't talk to me," he said. "She thinks she's in the royal family, I'm just an ordinary guy, a working-class guy. It's snobbery."

Mrs. Shand Kydd emerged from the courtroom during a break, but waved away journalists, The AP reported.

She and Mr. Paul's family are also civil parties in the case, meaning they have access to all documents and proceedings.

An apparently crippling mixture of alcohol and prescription drugs in Mr. Paul's bloodstream has given the accident its most probable cause, with the pressures of a car chase a contributing factor. But Mr. al Fayed apparently does not accept that the crash was a random tragedy.

Instead, he has promoted the idea that the accident was engineered by British security services, perhaps with CIA collusion, in an effort to abort the marriage plans of his son, a Muslim born in Egypt, and the British princess, mother of an heir to the British throne.

CBS television in the United States announced plans to broadcast a documentary next Thursday in which a barman at the Ritz, Alain Willaumez, claims that he was asked to lie about how much alcohol he had served to Mr. Paul before he took the wheel of the Mercedes.

"I saw Henri Paul was showing signs of drunkenness," CBS quotes Mr. Willaumez as saying. "His eyes were shiny. When Mr. Paul left the bar, he bumped into the first barman and then staggered toward the exit."

## Bomb Kills 3 in Pakistan

LAHORE, Pakistan — A powerful bomb ripped through a theater in the heart of Pakistan's Punjabi capital on Friday, killing three people and wounding 10 others, the authorities said. Officials said the death toll could rise.

The bomb went off during a matinee movie in a congested central district of Lahore, the ancient capital of the country's Punjab Province. About 50 people were in the theater when the bomb exploded.

Witnesses said 30 seats were blown apart by the explosion. It was still unclear whether the explosion was set off by a suicide bomber or if the deadly package was brought into the theater unknowingly by a group of young patrons, said the police chief, Wahab Ali.

No one immediately claimed responsibility for the bombing, but the Pakistani government blamed neighboring India. (AP)

## Manila Fires Top Lawyer

MANILA — President Fidel Ramos on Friday cut short the term of the country's top state lawyer, who recently asked the Supreme Court to acquit a former first lady, Imelda Marcos, on charges of graft.

Solicitor General Romeo de la Cruz had tendered his resignation effective June 30, the last day of the present administration, but Mr. Ramos made the resignation effective as of Monday.

"I have exercised my prerogative to make the effective date earlier, as you will note," Mr. Ramos said in an acceptance letter dated June 5. Mr. Ramos appeared angry on national tele-



NEW TIES — A Khmer Rouge defector facing his boots Friday, joining more than 1,000 comrades in the Cambodian Army.

vision Wednesday after Mr. de la Cruz urged the Supreme Court to nullify the 12-year jail term imposed on Mrs. Marcos because of lack of evidence. He said she should be acquitted of corruption charges. (Reuters)

## Sri Lanka Bars War News

COLOMBO — Sri Lanka imposed censorship

Friday on news reports on the war between government troops and the Liberation Tigers of Tamil Eelam rebels, the Defense Ministry said.

"Regulations have been made by Her Excellency the President prohibiting the publication and transmission of sensitive military information," the secretary to the Defense Ministry, Chandrananda de Silva, said in a statement.

The statement said print and electronic media were prohibited from carrying news about operations by the military, the police and the special task force.

They also cannot report deployment of troops and naval vessels and aircraft or "any statement pertaining to the official conduct or the performance of the head or any member of any of the armed forces or the police force," the Defense Ministry statement said.

It did not say why the censorship, which applies to both local and foreign media, was being imposed. (Reuters)

## Weather Cuts Afghan Relief

FAIZABAD, Afghanistan — Bad weather thwarted the emergency relief operation Friday for thousands of survivors of Afghanistan's earthquake, aid officials said.

They said three helicopters used for ferrying aid to remote villages of the area hit by the quake last Saturday, which killed thousands of people, could not leave Dushanbe, the capital of neighboring Tajikistan, because of bad weather there.

The United Nations sent an Antonov-12 cargo plane to the northern Afghan town of Faizabad with three and a half tons of tents on board, but it was unable to land because of bad weather, a UN statement in Islamabad said. (Reuters)

## Beijing Threatens Outspoken Ex-Aide

New York Times Service

BEIJING — Earlier this week, shortly after finishing years of prison and probation, a former senior Chinese official openly criticized the government, questioning its slow progress toward democracy and condemning its decision in 1989 to send in soldiers to quell student-led demonstrations in Tiananmen Square.

He then challenged the government — which has professed its commitment to the rule of law — to respect his right to speak.

On Thursday, the ninth anniversary of the June 3-4 crackdown in which hundreds of civilians were killed, the Chinese government told Bao Tong, a former Central Committee member who was imprisoned on charges of disclosing state secrets that such free-wheeling public statements would simply

not be allowed. Mr. Bao allegedly disclosed to student leaders in May 1989 that the government planned to impose martial law in Beijing.

Less than 24 hours after interviews with Mr. Bao appeared in foreign publications, he said that the authorities had informed him that he could only grant interviews with the advance approval of "the government organizations concerned" and ominously warned of penalties if any rules were violated.

"By China's Constitution and law I should enjoy the right to freedom of expression and speech and I'm very willing to talk about my views in a frank way," said Mr. Bao, 65, in a telephone interview moments after he had been informed of the restrictions. "So it is with regret that I inform you it is impossible to interview me now."

## Tutu Scoffs at Effort To Blame 'Bad Apples'

Compiled by Our Staff From Dispatches

GEORGE, South Africa — An angry Desmond Tutu on Friday objected to the suggestion that apartheid-era killings of black activists were the work of "bad apples" — or rogues — in the State Security forces.

"How many 'bad apples' are you going to concede?" the Nobel Laureate minister asked during cross-examination by defense lawyers for former President Pieter W. Botha. "No, no. We cannot now say that these are 'bad apples.' They are people who were sitting on the State Security Council."

Mr. Botha is on trial for snubbing the Truth and Reconciliation Commission, which is investigating atrocities committed during white rule. But the case has focused on allegations that Mr. Botha and the shadowy State Security Council he headed coordinated a crackdown on anti-apartheid activists and directly ordered bombings and killings during the 1980s.

The defense and the prosecution agreed they would return to the court on June 15 to make their closing arguments. Magistrate Victor Lugagu is expected to deliver his judgment at a later date.

Quitting Mr. Tutu, who heads the Truth Commission, the defense lawyer Lappe Laubacher said there were no direct assassination orders in any of the Council's minutes, indicating that the killings were the work of "bad apples" in the police and army who misunderstood orders.

Prosecution witnesses, including the commander of a police death squad, Eugene de

Kock, testified this week that the council's use of phrases like "eliminate" and "neutralize" sanctioned the murder of the white-run state's opponents. Mr. Botha and other top members of the Council say they meant only that people should be arrested.

Mr. Botha, 82, has called the Truth Commission "a circus," claiming it is victimizing him by wanting him to appear in person when he has submitted more than 1,700 pages of written answers to commission questions. (AP, AFP)



Roy Emerson

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CNN  
INTERNATIONAL



## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Help South Asia

Now that India and Pakistan have at least temporarily halted their nuclear tests and toned down their rhetoric, there is an opening for diplomacy aimed at freezing further weapons development.

A modest step was taken Thursday in Geneva, where U.S. Secretary of State Madeleine Albright and the foreign ministers of Russia, China, Britain and France urged India and Pakistan to refrain from further testing and to open negotiations with each other. The meeting also called on the two countries to sign the international treaties banning the testing and spread of nuclear weapons.

But achieving these worthy goals will not be easy, and a newly nuclear South Asia still crackles with danger. India and Pakistan are both working to miniaturize their nuclear bombs to fit on missiles; their troops dare fire across a tense border, and they cannot even agree on a format for discussing their conflicting claims to Kashmir.

India and Pakistan must be coaxed into signing the international nuclear treaties. In return they should be given access to the safety technology that established nuclear powers use to prevent accidental detonations and theft. Encouragingly, Prime Minister Atal Bihari Vajpayee of India has proposed a testing moratorium and also offers to negotiate an agreement with Pakistan promising that neither country will be

the first to introduce nuclear weapons into combat. Prime Minister Nawaz Sharif of Pakistan also seems interested in negotiating new guidelines for military restraint.

But New Delhi says it will sign the global nuclear arms treaties only if it is legally recognized as a nuclear weapons country. That would legitimize India's plans to proceed further toward arming itself with nuclear weapons. India also conditions its signature on the established nuclear powers' committing themselves to eliminating their own nuclear arsenals. That is a desirable goal but has little chance of being achieved in the near future.

The five nuclear powers Thursday rightly rejected amending the treaties to expand the ranks of nuclear armed countries. But there may be artful language that can satisfy Indian and Pakistani pride while preserving the integrity of the accords. The U.S. Congress should give President Bill Clinton authority to lift sanctions against India or Pakistan if either signs the treaties.

Russia has special ties to the region, as does China. Beijing helped Pakistan develop its bomb but now wants to show it can act responsibly against the spread of nuclear weapons. They should act in concert with Washington to help edge South Asia back from the nuclear brink.

—THE NEW YORK TIMES.

## What Will the Fed Do?

The economies of the United States and Britain have moved in surprisingly similar ways in recent years, whether by coincidence or because both freed their economies in the 1980s. Now Britain's central bank has stunned observers by raising interest rates, posing the question of whether the U.S. Federal Reserve will be the next to do so.

The Bank of England boosted its base lending rate on Thursday by a quarter of a percentage point, to 7.5 percent. It said it had acted because of concerns that wages were rising too rapidly and consumer spending was so brisk that a revival of inflation was a serious threat.

Nearly all British economists who monitor the Bank of England — 19 of 20, according to a poll by Bloomberg News — had expected the central bank to leave rates unchanged. That was largely because of signs that Britain's economy is slowing, particularly in exports. Both stock and bond prices

fell in London after the bank's move was announced.

There are obvious differences between the United States and Britain, but current economic arguments in both countries are surprisingly similar. There are inflationary pressures in the U.S. labor market, and consumer spending has been very strong. But inflation does not look like much of a threat when commodity prices are falling and there is fear that Asian weakness could slow the U.S. economy. So the Fed has not taken any action.

At the March meeting of the Fed's Open Market Committee, some Fed officials voiced fears that raising rates "could produce an outside and undesirable response in financial markets." But if Britain's stock market remains buoyant after the Bank of England's move, that might strengthen the hand of those who want the Fed to take a similar step.

—THE NEW YORK TIMES.

## Squeezing the Poor

The U.S. House Republican leadership has begun to mock the budget problem it cannot solve. The Republicans want to make room in the budget resolution for a tax cut they lack the votes to finance. The president has denied them use of the budget surplus, which he rightly says should be used to "save Social Security first"; they have not found the counter to that argument.

A tobacco tax increase is a second possible source of funds, but many House Republicans are opposed to that as well. The third alternative is spending cuts, which the Republicans favor in theory. They founder, however, when it comes to saying which cuts.

An illustrative list put together earlier by Budget Committee Chairman John Kasich cost them votes they could not afford and had to be withdrawn. The latest version of the budget resolution, instead of saying which programs will be cut, goes out of its way to indicate which programs will not be. That is the mockery.

They will not cut middle-class Medicare, they say; they do not want to hand the Democrats that campaign issue again. Instead, they will cut, unspecified programs within the jurisdiction of the Ways and Means Committee. But almost all of those are programs for the poor.

Aides were busily deoying Thursday that welfare was the unnamed target. Among other things, a welfare cut would likely embroil the Republicans with the governors, because welfare is now, unfortunately, a block grant to the states. The alternatives, if not welfare, are aid to the needy elderly and disabled; child care subsidies; foster care and other social services grants to the states; and/or the earned-income tax credit, which acts as a kind of wage supplement for the working poor.

The tax cut the Republicans mainly have in mind is reduction or elim-

ination of the so-called marriage penalty, the extra tax that some couples find they owe if they marry. Most of the benefit if this were eliminated would go to upper-income, two-earner families. Do the members really want to cut programs for the poor to finance that?

The budget also fails to provide for the full cost of the highway bill. That, too, will require further cuts in unnamed programs. Republican moderates are uneasy with this budget, as they ought to be. They favor neither the fiscal irresponsibility nor the squeezing of the poor that it implies. They have the votes to stop it.

—THE WASHINGTON POST.

## Other Comment

### Intelligence Blunders

Why were America's intelligence agencies unable to detect India's preparations to test nuclear weapons last month? A critique of the failure finds the explanation to be systemic rather than unique to this one event. India's tests were a political embarrassment to America's policymakers but not a national security debacle. Next time, things could be a lot worse.

Among the most significant — and least excusable — intelligence blunders was the refusal of veteran CIA political analysts to take seriously the Hindu nationalist Bharatiya Janata Party's campaign promises to conduct nuclear tests. Instead, said retired Admiral David E. Jeremiah, who headed the CIA investigation, the analysts assumed that Indian politicians, like their American counterparts, usually ignore their promises once they are elected.

Such cultural myopia is hardly the starting point for perceptive analysis.

—Los Angeles Times.

# Kim Deserves the World's Support — and Patience

By Aidan Foster-Carter

LEEDS, England — Although he is 74 years old, President Kim Dae Jung of South Korea will keep to a grueling schedule during his visit to the United States. During his trip, which begins Saturday, he is to make 26 speeches in nine days, to audiences ranging from Congress and the New York Stock Exchange to groups in Stanford and Silicon Valley.

At last the United States is welcoming a leader from South Korea of whom both countries can be proud. At a time when, from India to Indonesia, Asia has come to mean bad news, Mr. Kim stands head and shoulders above the field, in moral stature and vision as well as in political common sense and skill.

What more could the West want of an Asian leader? Mr. Kim has long attacked the myth of "Asian values," notably in an exchange with Singapore's senior minister Lee Kuan Yew in the journal Foreign Affairs. But words are easy. This is a man who has time and again put his life on the line for democracy, surviving murder attempts by both Pyongyang and his predecessors in Seoul.

Moreover, as a Catholic he has shown his persecutors a forgiveness rare in Korea's vengeful culture.

Mr. Kim is just as solid on that other

core Western value, free markets. When he was elected president by a narrow margin in December, he inherited an economy on the brink of default, saying all the right things to calm the markets' panic even before he officially took over in February. The abyss was avoided.

Nor was this just talk. In his short time in the Blue House, Mr. Kim has started an economic revolution. He is adamant that the old Korea Inc. — protected, xenophobic, often corrupt — has to go, no matter how painful this is bound to be for many. Workers must give up job security; banks and companies must clean up their balance sheets; government must be made smaller, and the economy must be opened to full foreign participation.

Even if the dire plight of the economy demands no less (and it does), this is an astonishingly bold program, one that bears comparison with what Margaret Thatcher did in Britain in the 1980s. But Mr. Kim's job is harder. Unlike the Iron Lady, he is trying to proceed by consensus — another revolutionary concept in top-down South Korea.

Not surprisingly, consent is proving difficult to secure. Both sides of industry are digging in their heels against change. Like President Bill Clinton, Mr. Kim also faces a legislature controlled by an obstructive opposition, although his party's victory in Thursday's local elections may induce defections that would give him a working majority.

Yet the financial markets are showing absurd impatience with South Korea. Just three months into his five-year term, Mr. Kim is under fire for allegedly backing away from real reform by not letting bankrupt companies and banks collapse. But the critics' blind faith in market forces is dangerously oblivious to the real world of politics. Isn't Indonesia warning enough of the social explosions that an economic meltdown would unleash?

There is also a catch-22. Mr. Kim is criticized for avoiding battles. Yet when 40,000 workers — a mere 2 percent of the work force — go on strike, it makes international headlines and the stock market plunges. Here, too, we see a double standard. It took Mrs. Thatcher almost a year and some fierce battles to tame the British miners, but there was no mass flight of capital from Britain during that tumultuous period.

It takes time to change a country. Mr. Kim has already done much. He will invite U.S. investors to show faith by buying South Korean assets of all kinds, which are for sale on an unprecedented scale. True, South Korea desperately needs the money. But it is not just that. Korea Inc. is dead. There is no going back.

Yet investors hesitate. Western business analysts suggest waiting until the South Korean economy plunges even deeper into recession to get a better price. Such people have no shame, but they might show more sense. For Mr. Kim may fail. Would that be good news for any of us?

On his U.S. visit, Mr. Kim will challenge the West to put its money where its mouth and stated ideals are. A serious democrat and free marketeer, he has the "vision thing" in abundance, plus rare political skill and courage. In Asia, or anywhere, he is as good as it gets. Very much his own man and South Korea's man, he is also our man. Mr. Kim deserves our appreciation, support — and patience.

The writer is honorary research fellow in modern Korea at Leeds University. He contributed this column to the International Herald Tribune.

# France's Dirty Secret: It's a Leader Among Capitalists

By Jim Hoagland

PARIS — Sometimes the more things change, the more they don't stay the same. Even in France. Even when the French try to pretend that they do.

France has just completed an intellectual and journalistic retrospective on its failed political revolt of 1968. Television and newspapers have been stuffed with nostalgic accounts of that uprising, when students and workers took to the streets to oppose the consumer society and the authoritarian conformism it supposedly encouraged.

But that glance into history's rearview mirror served to underline a contrast between yesterday and today that unsettles many in France. Economics and finance dominate as decisive issues in France today, not politics. It is a contrast that would have perturbed not only the student demonstrators but also many of their erstwhile Gaullist adversaries across the barricades.

The ascendancy of business and economic affairs is no accident and is not limited to France. It is an intended con-

sequence of the invention of the euro, the single European currency that will erase the franc, mark, peseta and eight other national monies from the continent 42 months from now.

France was a driving force behind the original euro, conceived in 1991 primarily as a political instrument to anchor a reunified Germany in Western Europe and to constrain the power of that nation's Deutsche mark. But as it comes closer to actuality, the euro is focusing the minds of governments and electorates on productivity and national competitiveness, not on power politics.

The euro is leveling class interests and the notions of class warfare in the 11 states that have adopted it. That is one of the new currency's undeclared purposes: to provide politicians with steady ways in which to make their actions' businesses more businesslike, efficient and profitable, without alienating working-class voters.

Stealth is particularly impor-

tant for left-wing governments in France and elsewhere in Europe, as the 11 euro member nations are known collectively. These societies have exalted egalitarianism and social solidarity and have frequently been critical of "Anglo-American capitalism," even if they have benefited and borrowed from its success.

Today France is the world's third largest importer of capital, the third largest exporter of capital and the fourth largest trading nation. It has highly profitable, world-class big business and high-tech centers that benefit from the dismantling of trade barriers that the European Union has encouraged.

If this comes as a surprise, it is to be expected. The French do not talk to each other about such mundane and vaguely shameful topics as commerce.

It is very French to live in one of the world's great commercial powers and never, ever admit being aware of it," said a prominent French banker. "It

helps make us exceptional in our own eyes."

Lionel Jospin, the Socialist prime minister who surprised the nation and himself by winning last year's snap parliamentary elections, shied away in an interview from my description of France as having "a capitalist system." He said: "I prefer to speak of a free-market economy. After all, I come from the Socialist Party."

Not expecting to win, the Socialists promised in last year's campaign to reduce the workweek from 39 to 35 hours for the same pay, and to create hundreds of thousands of new jobs.

Squaring these circles has become Mr. Jospin's greatest task in governing. His government is pushing France's unions and businesses to put aside their long history of bitter, class-centered labor conflict and to negotiate to create together a 35-hour workweek on terms that will then be codified in law.

"France's trade unions are weak, they are numerous and they are divided," Mr. Jospin

told me. "And they have to deal with businessmen who are not dedicated to or experienced in real labor negotiations. We must give both sides incentives to deal with each other fairly."

Mr. Jospin would transform industrial and social relations in France if he achieves this seemingly modest ambition. But he will have to do it without any of the bravado and blaze that Margaret Thatcher used in facing down her opponents when she revolutionized Britain's labor relations 15 years ago and laid the groundwork for her country's current prosperity.

Mr. Jospin would bristle at any comparison to Mrs. Thatcher. He finds comparison to her Labour successor, Tony Blair, hard enough to bear.

But Mr. Jospin strikes an American visitor as a man of his times, keenly aware that to succeed in the Europe of the euro he must modify an expensive welfare state whose clients are organized to resist change, not to demand it as they did 30 years ago.

The Washington Post

# The Danger of Seeing the Past Through Today's Prism

By William Pfaff

PARIS — A fundamental problem in international relations today, and a growing one, is the inability or unwillingness of people in public affairs to consider the events of another period in the context of the beliefs and prejudices of that time.

They judge people of another time according to the attitudes of today. There may be valid criticisms to be made of periods when values were less tolerant than ours, or rested on more prejudice or ignorance, but the actions of people at that time have to be judged in the context of that ignorance and prejudice and not in terms of the more extensive or complex knowledge that exists today. Otherwise self-righteousness of the people making the judgments. This is true of much "politically correct" discussion of history.

People of another time cannot justly be condemned for what they did not know, or because they acted under the conventional wisdom of that time or under duress. In difficult

times people look after their elementary self-interest. That may not be admirable, but it is all but universal.

The new U.S. report on what Nazi Germany did with the gold it seized from Jews says that much of the gold was sent by Swiss banks to neutral countries, where it bought raw materials and other goods necessary to the German war effort. The neutrals in question were Portugal, Spain, Sweden and Turkey.

A New York Times report on the document (HT, June 2) remarks that "the draft report stops short of suggesting that the help to Germany by those neutral nations helped prolong the war in Europe." It surely is a reasonable assumption that it did prolong the war, but that does not make the governments of those countries accomplices of Nazism and genocide.

The United States at exactly the same time was allied with Stalin and supplied and financed the Soviet Union's war against Germany. Does that

make it guilty by association for Stalin's monstrous crimes?

The United States wanted to defeat Nazi Germany, and the Soviet Union did, too; hence there was an expedient alliance, covered over by much mendacious and sentimental propaganda in the United States about the Soviet Union's actually being a democracy of a special kind and describing Stalin as a genial father of his people.

Spain and Portugal during the war had right-wing authoritarian governments that were hostile to liberal democracy, which they associated with revolution, atheism and decadence. The Franco regime in Spain had come to power with German and Italian military assistance.

The two governments' natural disposition from the 1930s onward was to sympathize with the claims of national renascence made by Italy's Fascists and Germany's Nazis. This was combined with an unwillingness to get mixed up in Hitler and Mussolini's war.

Sweden was caught geographically between Germany, Norway and Denmark on one side and Finland on the other, a German wartime ally that was attempting to recover lands seized by Stalin.

There were many in the conservative Swedish establishment who sympathized with what they considered an anti-Bolshevik German regime. However, the Swedes sold minerals, steel and precision goods to Germany because, if they had not, Germany would have invaded Sweden and taken what it wanted.

Turkey had been Germany's ally in World War I, and there was much German investment in the country. An early German war aim was to seize control of the Middle East by an offensive linking up its forces in the Balkans with the Afrika Korps.

Turkey's neighbors, Syria and Lebanon, were controlled by Vichy France; Greece was occupied by Germans and Italians, and Bulgaria, another neighbor, was (until late 1944) a German ally. Once again, what were the Turks supposed to do?

The Swiss were the unluckiest of all, at the very center of Western Europe, completely surrounded by Germany, German-controlled France and Germany's ally, Italy. Some Swiss, and some Swiss banks and companies, behaved in edifying ways, and some in despicable ways. The Swiss government made

what it considered prudent compromises with Germany. How could it have done otherwise?

There are legitimate claims to make against institutions and individuals in the neutral countries of World War II, but vast generalizations about whether the neutral countries "tilted" toward Germany display ignorance of the realities of the past.

The past, of course, is never completely past, as this affair shows. But the attempt to hold the present everlastingly guilty for the past represents a distraction from the present, in which new crimes are being committed that could be prevented.

Does American policy today, or Israeli policy, display the lucidity and moral courage in the pursuit of Middle Eastern peace and justice that the United States demands of the wartime Swiss and Swedes? I think that is an appropriate question, and I think the answer is "no."

International Herald Tribune, Los Angeles Times Syndicate.

## Correction

A Washington Post editorial (HT, June 5) incorrectly stated that Bao Toog, a former high-ranking official in China, was under house arrest. In fact, the Chinese government told Mr. Bao about one week ago that his political rights had been restored.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Fewer Tourists

LONDON — Very few Americans are coming over to Europe this year. The war is making a very great difference in this respect. As for Spain, the war broke out too late in the season to materially affect touring there. Of course, wherever you have an ignorant and excitable population they are liable to be carried away to regrettable demonstrations by local prejudice or national feeling. But that could happen in any country and is not necessarily peculiar to Spain at the present moment.

### 1923: Bathing Dress

CHICAGO — Women swimmers are entitled to dress for swimming. But in that event they must swim, not pose on the beaches. That is the ultimatum of Walter C. Wright, city dictator of bathing properties. Al-

though he officially has raised the ban, and with it trunks and skirts a few desirable inches above last year's hemline, with this concession he has coupled an unalterable restriction for the fair swimmer — that her siren song be sung from the waves and not from the sands of the shore.

### 1943: Work for Peace

OMAHA — President Truman said today [June 5] that the United Nations "is working" and urged co-operation to win peace. "In time of war we worked together for victory. Now we must work together to secure peace and the blessings which victory made possible," he declared. "This time we must make sure the tragic events that followed the first World War are not repeated. Looking back, the mistakes made are so obvious and their consequences so terrible there can be no excuse for repeating them."

# Herald Tribune

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# In a 'Qualitatively Different' Kashmir, Miscalculation Is Feared

By R. Jeffrey Smith  
Washington Post Service

WASHINGTON — For the last month, U.S. intelligence specialists have been poring over satellite photos of a rugged patch of South Asia where roughly one of every 14 people is a soldier in forces that are ousting deep nationalist, cultural and religious antagonisms.

The photos depict mountainous Kashmir, a key objective in three collisions between Pakistan and India in which nearly 20,000 soldiers died. With each new rhetorical barrage between the two countries since their recent nuclear-weapon tests, the intelligence analysts have been watching nervously for acts of military provocation.

What they have found so far is unsettling but not yet alarming. Recent photos reveal that both India and Pakistan have moved a squadron or two of military aircraft closer to Kashmir, allegedly for maneuvers.

They have also moved hundreds of troops nearer to the 360-kilometer (225-mile) "line of control," but in maneuvers that are considered routine during the spring thaw.

In addition, the Indian Army has moved

dozens of artillery pieces closer to the line of control. But such an action by itself hardly portends imminent conflict.

The new forces amount to a trickle in a province where there are already 450,000 regular army and paramilitary troops on the Indian side and 250,000 troops on the Pakistani side.

But what might have seemed ordinary in years past is much more worrisome now, U.S. officials say. With the two sides making belligerent comments about Kashmir and also drawing a link between their nuclear arsenals and a future resolution of the conflict, "we're operating in a qualitatively different environment than we were three weeks ago," said one official privy to intelligence reports.

Washington's concern is that if this slow buildup of frontline military forces continues or accelerates, or eventually involves more capable weaponry, it could provoke misunderstanding that might lead to open combat. Bit by bit, officials say, the two sides might convince each other they are preparing for war, increasing the chances that it might suddenly erupt.

Alternatively, the officials say, India might decide to fulfill a senior government official's recent threat to engage in "hot pursuit" of

Pakistani-sponsored terrorists in the portion of Kashmir controlled by Pakistan.

Any such incursion by troops and helicopters could lead to wider war.

Karl Inderfurth, assistant secretary of state for South Asian affairs, while not revealing details about the maneuvers when he appeared Wednesday before a Senate Foreign Relations subcommittee, confirmed that Washington had noted recent worrisome military movements in Kashmir and said U.S. officials were unsure of "the level of threats" posed.

Mr. Inderfurth said the U.S. was "concerned about the potential for miscalculation and escalation."

The concerns stem in part from a series of recent classified and unclassified studies by the Rand Corp. and others, which suggest that a major clash between the conventional forces now in place in Kashmir would peak and begin to burn itself out in just a few weeks, without a victor.

That means scant time would pass before military commanders on one side or the other would confront pressures to resolve the stalemate by unleashing unconventional weaponry — either chemical or nuclear.

"In the present order of battle, the Pakistanis are actually much closer to the Indians in capability than either country now believes," said Ashley Tellis, an analyst at Rand who wrote one of the studies last year for the U.S. Army's intelligence service. "Neither side can sustain a conflict for more than three weeks" with existing Kashmir forces.

But he and other analysts say that India could call on major reinforcements to overwhelm the Pakistanis eventually, providing an incentive for Islamabad to use its ultimate weapons in a preemptive strike before the reinforcements arrive. The pressures stem in part from the fact that Pakistan's capital is roughly 80 kilometers from the line of control, and the country's second-largest city, Lahore, lies just 10 miles from the Indian border.

No one can predict precisely how many millions of people might die in a nuclear exchange between the two countries. But U.S. officials say that nuclear weapons could be delivered by India's MiG, Sukhoi or Jaguar aircraft, and on the Pakistani side, the F-16 aircraft bought from the United States and M-11 ballistic missiles purchased from China.

Each is capable of reaching at least a few

major population centers on the opposing side in less than 10 minutes.

Moreover, U.S. analysts say, each side has little access to reliable intelligence and may not know until too late that it had acted preemptively on the basis of erroneous information. India, for example, has its own military satellite, but its resolution is not good enough to detect missile launch preparations or small-scale movements. Pakistan is forced to rely on commercially purchased satellite imagery, but such pictures are virtually useless in a fast-changing crisis.

Both sides are going to have to assume that if a conflict escalates, the other side is prepared to escalate to the nuclear level," said George Parkovich, an arms control expert at the W. Alton Jones Foundation who has written a soon-to-be-published book on India's nuclear program. "The Pakistanis will not know if India is fueling its missiles or if they are about to come under attack. Their military leaders will be saying, 'We must use our missiles before we get hit.'"

American analysts say, as a result, that the two sides are already locked in a worrisome hair-trigger posture in Kashmir with ample opportunity for error.

## Israeli Papers Report Plan To Restore Mideast Talks

U.S. Package Tightens Terms for Palestinians

By Serge Schmemmann  
New York Times Service

JERUSALEM — Two Israeli newspapers have published details of a purported U.S. package plan that would finally restore negotiations between Israel and the Palestinians.

Israeli and American officials said an agreement could be reached in days.

The plan, as reported in the Ha'aretz and Maariv newspapers, retained the 13 percent withdrawal that the Palestinians and the Clinton administration have insisted upon as a minimum for resuming talks.

But it twinned the phased withdrawals to specific obligations on the Palestinians to undertake security measures that Prime Minister Benjamin Netanyahu has demanded of it, including a collection of illegal weapons in Palestinian territories and concrete procedures for dealing with incitement, terror suspects and arms smuggling.

The plan also included separate "understandings," one of which was that Israel would build no new settlements and would not allow "significant" expansion of existing settlements in the West Bank.

Neither American nor Israeli officials would confirm the authenticity of the plan, and it was not clear whether any such proposals had been presented by the Americans in writing. The publications Thursday followed a flurry of diplomatic activities this week by American, Palestinian and Israeli diplomats, including meetings in London earlier this week between Dennis Ross, the American Middle East mediator, and two senior Palestinian negotiators.

In Gaza, the Palestinian leader made no specific comment on the published plans, but he said he hoped for movement by mid-June.

"According to the American initiative, they promised that the redeployment would be decided no later than the middle of this month," Mr. Arafat said.

"We hope so," Mr. Arafat added. Though the Palestinians have agreed to a 13 percent withdrawal by Israel, that encompasses only two of three withdrawals envisioned in the Oslo agree-

ments, and the scope of the third, which was relegated in the proposal to "a joint Palestinian-Israeli committee," was reportedly still a matter of contention.

Yet American and Israeli officials seemed optimistic that some break in the 15-month deadlock in negotiations, during which Washington has taken an increasingly active and assertive role, was near.

In recent months, the negotiations have been, in essence, between the Clinton administration and Mr. Netanyahu, often accompanied by ill-concealed irritation, threats and maneuvering.

Though Mr. Netanyahu has strongly argued that a 13-percent pullback in the West Bank would pose a serious threat to Israeli security, what evidently made the latest proposal palatable was the extensive reciprocity — a concept Mr. Netanyahu has repeatedly stressed — between Palestinian actions against terror and anti-Israeli incitement, and the Israeli withdrawals.

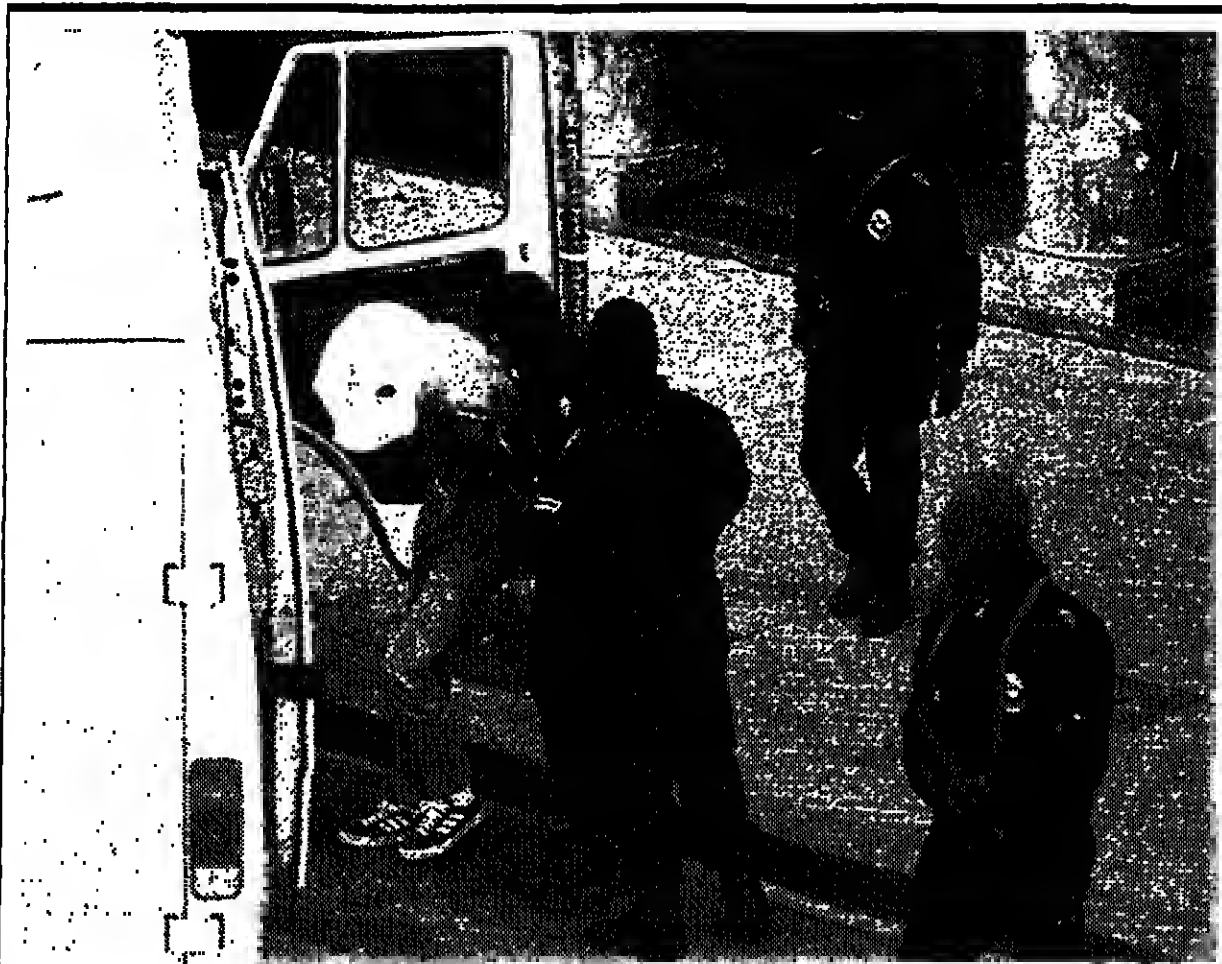
As set out by David Makovsky, the diplomatic reporter for Ha'aretz, the package proposed a three-staged plan over 12 weeks. Negotiations on a final settlement, which under the Oslo accord are to be completed by May 4, 1999, would begin immediately.

Within the first five weeks, Israel would transfer two percent of West Bank territory still under its control to full or partial Palestinian control. At the same time, the executive committee of the Palestine Liberation Organization would endorse a letter from Mr. Arafat to President Bill Clinton confirming changes in the Palestinian Charter, which originally called for the destruction of Israel.

During this period, the Palestinians would also take specified steps against incitement, while an American-Palestinian security committee would be created to determine the whereabouts of Palestinians who have committed terrorist acts.

In the next stage, after six weeks, Israel would withdraw from a further 5 percent, while the Palestinians would undertake a program for the confiscation of illegal arms.

In the 12th week, Israel would withdraw from an additional 6 percent.



POLICE RAID IN SPAIN — Masked officers escorting a hooded Basque terrorist suspect to a van after a swift operation against an apartment in Vizcaya Province near Bilbao. One person was killed and another wounded. The police said that 15 arrests were made and that a conspiratorial group was broken up.

## U.S. Envoy Wants More Consulates in France

The Associated Press

PARIS — The U.S. ambassador to France said Friday that he planned to reverse the trend of cutting the American diplomatic presence in the French provinces, which are expanding their business ties in the European Union and with the rest of the world.

Trying to catch up with European diplomatic missions, the U.S. Embassy in Paris has asked Washington to approve a small office in the southeastern city of Lyon, Ambassador Felix Rohatyn said. The program could be expanded to Bordeaux, then Toulouse and Rennes.

Two or three Paris Embassy personnel would staff the offices, "representing American business interests as well

as explaining the United States in a more coherent way" to help improve relations, Mr. Rohatyn said.

Budget cuts that have left only two U.S. consulates in France, in Marseille and Strasbourg.

But in visits to Lyon and Lille, the ambassador said, officials there spoke of

business ties with cities like Barcelona and Turin. The movement has accelerated before the 1999 advent of the euro, Europe's single currency.

"Europe is being made more rapidly in the regions, probably more rapidly than in the capitals," he told the Anglo-American Press Association.

## Lebed, in Tuxedo, Takes Office

The Associated Press

MOSCOW — Alexander Lebed, the former army general and national security chief, was sworn in Friday as governor of the huge Krasnoyarsk region in central Siberia — a post seen by many as a potential springboard to the Russian presidency.

During the inauguration ceremony, Mr. Lebed took an oath on a Bible and was blessed by Bishop Anthony, head of the Russian Orthodox Church in the region.

Mr. Lebed put on a tuxedo for the occasion — a significant choice in a country where tuxedos were deemed unacceptably "bourgeois" during seven decades of Communist rule.

Mr. Lebed, a gravelly-voiced former paratrooper commander, ran for president of Russia in 1996, and he has long said that he plans to run again.

He played down those ambitions during the gubernatorial race, however, saying he would seek the presidency in the year 2000 only if he succeeded in improving the economy in the Krasnoyarsk region, which is rich in oil and other minerals and has a strong farming and industrial base.

Speaking to reporters, Mr. Lebed criticized Moscow for keeping a disproportionate share of Russia's money, but he said he hoped to reach agreement with the federal government over the sharing of money, avoiding confrontation.

## Oran Henderson, My Lai Figure, Dies

New York Times Service

Colonel Oran K. Henderson, the highest-ranking officer to be tried as a consequence of the killings of Vietnamese civilians in My Lai in 1968, died Tuesday of pancreatic cancer at a veterans hospital in Lebanon, Pennsylvania. He was 77 years old.

Colonel Henderson, a career officer, was acquitted in a court martial in 1971, leaving Lieutenant William Calley Jr., a platoon leader, as the only soldier found guilty and punished for the massacre in My Lai.

The killings took place on March 16, 1968, as the 105 men of Company C attacked the hamlet of 700 people, believing it was a Viet Cong base. According to Seymour Hersh, whose reporting on My Lai was awarded a 1970 Pulitzer Prize, no Viet Cong were encountered. But at least 350 civilians were killed, among them women and children, at My Lai alone, and there were other killings by B company at nearby hamlets.

That day, March 16, was Colonel Henderson's first as the commanding officer of the newly formed 11th Infantry Brigade, which included Company C. When the assault was mounted, he was watching from a command helicopter circling over My Lai.

Ultimately, the army charged 25 officers and enlisted men with having taken part in the massacre in some way or of having covered it up. Of this total, 19 men had charges against them dropped without facing trials.

Colonel Henderson was charged with "lifel dereliction of duty for not having carried out an adequate investigation. He was acquitted in 1971.

Joseph C. Harsch, 93, Journalist for 70 Years

NEW YORK (NYT) — Joseph C. Harsch, a dashing newspaper, radio and television journalist and author who had a knack for being on hand when history was made, died Wednesday at his home in Jamestown, Rhode Island. He was 93.

Mr. Harsch, an Ohio-born Christian Scientist, worked for the Christian Science Monitor from 1929 to 1988. For half those years, he worked concurrently for network radio and television: for CBS from 1943 to 1949 and later for NBC and then ABC.

He was a correspondent in

Washington in the Depression-racked 1930s and then covered World War II initially from bases in Fascist Rome and then Hitler's Berlin from 1939 to 1941.

After the war, he was a columnist for The Monitor and its chief editorial writer.

Late in his life, he won praise for a volume of memoirs, "At the Hinge of History: A Reporter's Story" (1993, University of Georgia Press).

His many writings also included the books "Pattern of Conquest" (1941) and "The Curtain Isn't Iron" (1950).

David Walsh, 52, founder of the disgraced Bre-X Minerals Ltd., which attracted thousands of investors with tales of the greatest gold find this century, died Thursday in a hospital in Nassau, the Ba-

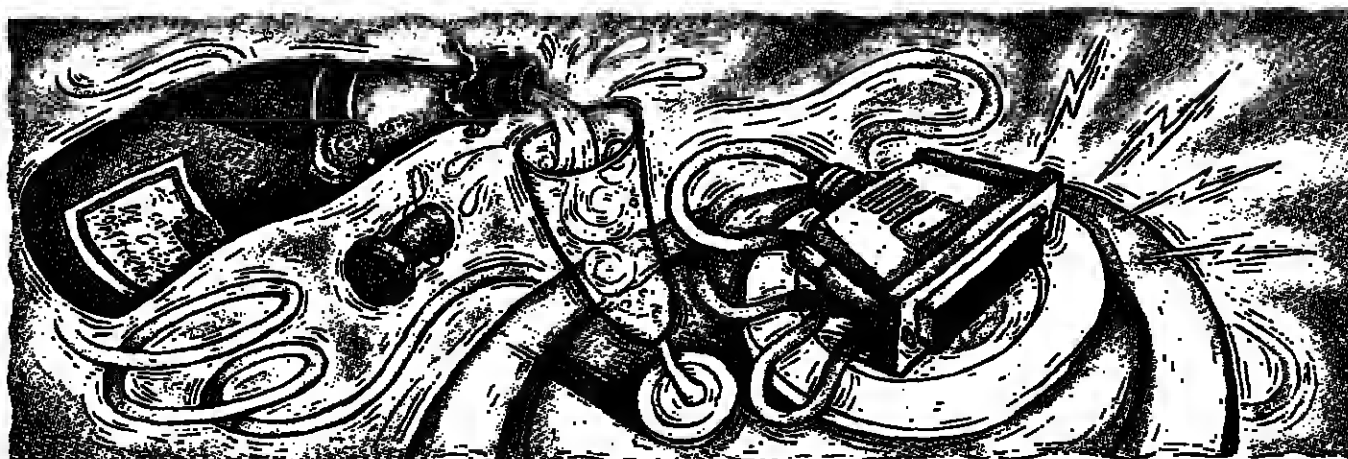
hamas. He suffered a stroke on Sunday, two days after the Bahamas Supreme Court froze his assets at the request of trustees handling his Canadian company's bankruptcy.

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## ART

# Unraveling the Islamic Cultures

## Freer Gallery Takes a Narrow but Intense Focus

By Souren Melikian  
International Herald Tribune

**WASHINGTON**—Introducing the art of a distant land with a long past and a complex, unfamiliar culture is a curator's ultimate ordeal. Make it four or five different cultures, at times closely linked and at others tenuously connected, and the test becomes all but unwinable.

That is the problem with any display of so-called "Islamic" art, a concept devised in the 19th century that has no more substance than "Christian art" would have, if understood to describe, say, the art of France, Italy, Germany and Spain from the year 700 to 1700, hoping that something visually coherent would come out of it. If they tried it in Cairo, Istanbul or Tehran, snickers would greet the undertaking.

But this is exactly what Western institutions do to the cultures where Islam prevails as a religion. A mishmash jumbles together the objects and book paintings of the Iranian world—the most abundantly represented in Western collections because, like China in the Far East, it had the largest artistic production—of the Arab Near East from Egypt to Syria, and of Turkey generally represented through its 16th- and 17th-century ceramics and book painting. The resulting confusion acts as a deterrent on the public, which has difficulty looking at bewilderingly diverse objects.

The real solution would be Arab rooms, Iranian rooms and Turkish rooms. If there is any other answer to the conundrum, it may be the one submitted by the Freer Gallery of Art and its associate curator of Near Eastern Islamic art, Massumeh Farhad, in the two "Islamic Rooms" that opened last month.

Avoiding the pitfall of a panoramic survey, hopeless in a small space, the solution retained is a clear focus on a few major aspects of the art of Iran, or Egypt, or Syria or Turkey. Small clusters of outstanding works, six at the most, appear in cases that are wide apart so that they do not clash with each other. It can work if you have masterpieces at hand. The Freer undoubtedly does.

**STEPPING** into room one, visitors are immediately drawn to a case that contains three of the greatest vessels produced in Neyshabur, the metropolis of the East Iranian province of Khorasan.

One is a large bowl decorated on its glazing walls with an inscription in the admirable 10th-century "rounded Kufic" script, that combines straight strokes as sharp as an arrow with plunging curves as tense as a bow at the ready. It calls "divine grace upon its owner" and wryly advises, in the form of an Arabic maxim: "Verily he is in danger, who is satisfied with his own views" (*qad khatara nan istiaghna hi-kat lihi*).

The calligraphy turns around a tree stylized to quasi-abstractness, with leaves like trilobate palmettes and birdheads reduced to spiky lobes with a

circle for the eye appearing under the leaves. This is the "talking tree" that according to the 10th-century "Book of Kings" (Sah-Namah) is seen by Alexander the Great toward the end of his peregrinations through the world as he searches for the Fount of Life. The bowl is thus made into a metaphor of the Fount of Life, filled with Alexandrine beverage.

Nearly, a circular tray is just painted with pure calligraphy—a maxim written twice in elongated rounded Kufic with a powerful rhythm. A third vessel is, on the contrary, primarily figural. Two birds boldly painted across the walls can be seen, on closer inspection, to be inscribed on the side with the word *haraka*, "divine grace." In the Sufi

Expressionist manner that was to remain a distinctive feature of Arab figurative art.

The other vessel, a circular tray, is painted with the monumental effigy of a horseman equipped to go bawling, his arm extended to allow the kestral to rest on his wrist. He wears the short tunic of Eastern Iran with which Fatimid Egypt entertained close relations. Hawking traveled from there to the Arab world, which later passed it on to medieval Europe.

As if to underscore the Western attraction to the ways and artifacts of the East, a rock crystal flask of the 9th or 10th century is displayed in the same case. It was mounted in gold and cloisonné enamel while in the collection of the Habsburg monarch Rudolph II. How the flask got to the Prague court is not known. This is only one of the many unanswered questions hovering over the objects of the Islamic world.

The display cleverly brings out some of these. In one vitrine, two extraordinary pieces of Syrian metalwork illustrate one of the enigmas of Arab art in the 13th century. One is a basin with the name and titles of Sultan al-Malik al-Salih Najmuddin Ayyub, the other a canteen shaped like a circular flask. Their silver-inlaid scenes deal with Christian themes ("The Annunciation," "The Presentation in the Temple") and others that are not. A scholar suggested that they could have been made for Europeans living in the Holy Land.

**B**UT this seems unlikely. The scenes other than the Christian images deal with court pastimes—a game of polo on the basin, warfare on the canteen. Taken together with the official titles of the sultan on the basin and the fact that both vessels are of princely quality pointing to a court atelier, this suggests a commission from Syrian Christians (the iconographic conventions are consistent with those found in Syriac gospels) close to the sultan's inner circle. More may come to light over the pieces can be scrutinized afresh.

Another case encloses three famous vessels in polychrome pottery from 13th-century Iran. A beaker is painted with elongated panels in the manner of manuscript painting illustrating episodes from the 10th-century "Book of Kings." A circular tray depicts the storming of a citadel with the names of the main characters inscribed over them. The third piece, a wine bowl, is decorated with a princely couple, beaker in hand, a motif sung in countless Persian verses about springtime feasting.

Together, the three pieces emphasize the intimate link between the written word and visual art in Iranian culture and the need to have access to its rich literature to get, literally, the full picture. Yet, this is done with such a lightness to touch that it does not mar the newcomer's enjoyment while gazing at the additively sharpened attention. And that is no mean measure of the achievement by the Freer's curator in her new display.

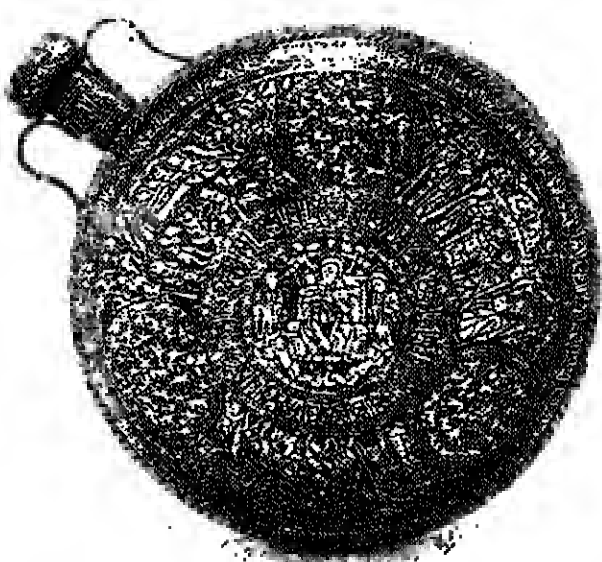
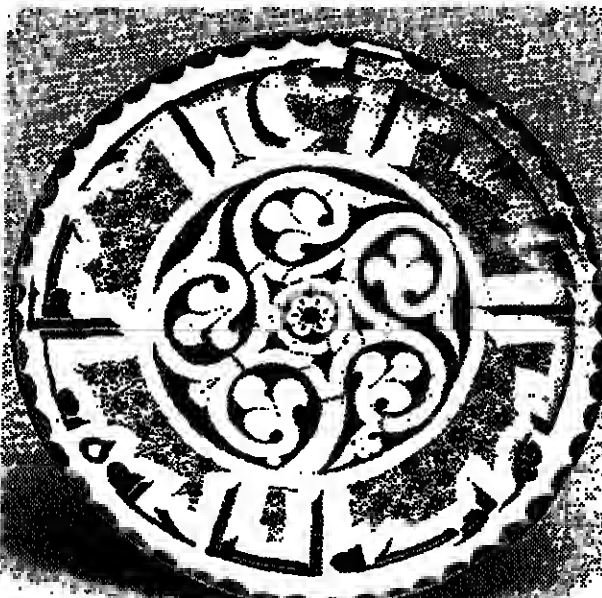


Plate produced in Neyshabur, Iran, in the 10th century (top), and a 13th-century Syrian silver inlaid canteen.

tradition, birds speak the language of esotericism. This wishes the owner divine grace that may lead to the understanding of esoteric truth.

This grouping effectively dispels an old canard—that calligraphy rose to great heights in the Islamic world because figurative was banned. Actually, the two went together.

Far to the left, two vessels painted in golden luster in 11th- and 12th-century Egypt help debunk another canard, that figurative art thrived in Iran, but not in the Arab world. It did just as much, but it stopped earlier and survives in smaller numbers. One of the two vessels is painted with the figure of a dancer waving her sleeves, boldly spreading across the entire surface. It is banded in an

# Frankfurt Suffers For Its Art Cultural Giant Is Laid Low

By Anne Midgette  
New York Times Service

**FRANKFURT**—Picture a society that has world-renowned architects design spacious, beautiful museums, open to its citizens free of charge; that spends millions renovating buildings into concert halls and theaters; that invites performing artists from around the globe to come and work, and gives them spaces in which to display their work when they're done.

Now picture a society that has no money for the arts: where the museums charge steep admission fees for shows that in some cases no one wants to see, where the opera can afford to give only a handful of performances a month, where dance companies close and visual and performing artists leave town because they're no longer able to do their work.

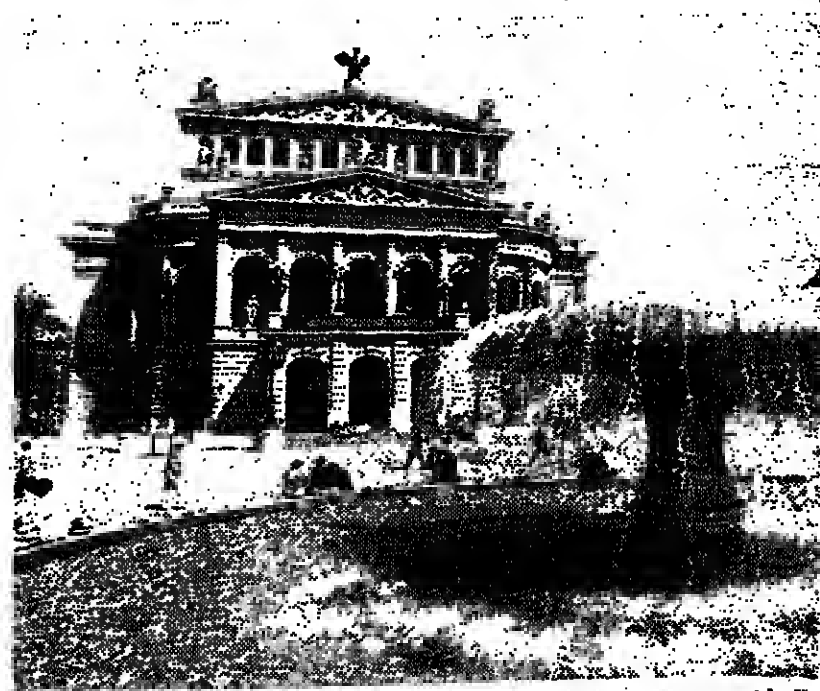
The first society is Frankfurt 10 years ago. The second is Frankfurt today. And the transformation illustrates all that's best and worst about the German system of government-subsidized culture—a system that in today's economic landscape is facing the prospect of significant structural change whether it wants it or not.

Frankfurt is an extreme case. The city is broke. Germany's banking center, styled "the city of the euro," is \$4.5 billion in debt. It is a fine example of the perils of living beyond one's means: The city tries to support all of the amenities of a major metropolis, from a subway system to its generously proportioned cultural life, with the tax revenues from a mere 650,000 citizens and very little support from the state.

In the Federal Republic of Germany, public arts financing is borne primarily by the states, not the national government. The states had to cut back support to their cities after they were compelled to start "solidarity payments" to help finance German reunification in the early 1990s, and they tend to give state capitals the biggest share of their subsidies in any case.

Munich, for example, one of Germany's wealthiest cities, has two state opera houses, two state theaters and two state museums: 51 percent of its cultural financing comes from the state of Bavaria. But in the state of Hesse, it is Wiesbaden, not Frankfurt, that is the capital, and Frankfurt receives only 6 percent of its cultural budget from Hesse; Frankfurt's cultural institutions are municipal rather than state (the Stadtische Bühnen, or City Theaters, rather than the Staatsopera, or State Opera).

So a city half Munich's size, with



The Alte Oper, painstakingly restored and reopened as a concert hall.

only a fraction of its resources, is trying to compete with the Bavarian capital and other German cities. Small wonder that when the crunch hit in 1993, Frankfurt found itself so strapped that it started dimming its street lights after 9 P.M. to save on its electric bill.

In its heyday, however, Frankfurt put itself on the German cultural map. In the 1980s, it had both the money and the initiative. Hilmar Hofmann, who ran the city's cultural scene for two decades as cultural adviser, did his best to use his power to create an artistic utopia.

From the late 1970s to the early '90s, 12 major museums were built or completely renovated. The Alte Oper, the bombed-out old opera house that had sat in ruins since the war, was painstakingly restored and reopened as a concert hall in 1981.

At the Stadtische Bühnen, the conductor Michael Giesele led operas staged by such avant-garde directors as Ruth Berghaus and Hans Neuenfels; the Playhouse (Schauspiel) erupted with scandals over works by the filmmaker Rainer Werner Fassbinder and the theater director Einar Schleef; and the choreographer William Forsythe arrived in 1984 to take over the ballet company and transform it into the critically applauded blend of ballet and modern Tanz-theater that it is today.

Smaller institutions opened, too, and flourished: the experimental Theater am Turm, or TAT, presented cutting-edge companies from around the world; the Wooster Group was coed; the Mousonturm, with a similar program, also cultivated in-house groups like Rui Horta's innovative dance company, SOAP. At its height, 12.5 percent of the city's annual budget went to support culture.

Frankfurt's overspending had a certain manic quality. "We knew it couldn't last," says Martina Aschmies, the Mousonturm's communications director. "But I think it's good that Mr. Hofmann created such a flourishing cultural landscape. All you can do is set it up and hope it has the strength to survive."

The question now is what will survive. When the \$4.5 billion deficit became evident in 1993 (it has held steady since), it was clear that arts support would have to be reduced, although cultural spending still represents about 8.5 percent of the city budget.

How to implement cuts was less clear. Any cut was bound to raise howls of pain from Frankfurt arts administrators. In the continuing cultural crisis, politicians have been so roundly criticized, that one might think they were willfully making senseless cuts on a whim, rather than reacting to a financial crisis so severe that Hesse at one point threatened to take away Frankfurt's financial autonomy altogether.

It takes the objectivity of a resident foreigner like Forsythe or Christopher Hunt, the recently departed director of the Alte Oper, to note that "the politicians' position is impossible; there is no money," as Hunt put it.

Being democratic, the politicians opted for evenhanded reductions across the board. Aschmies of the Mousonturm, and most other cultural administrators in Frankfurt, objected to what they call "the lawn mower principle" of reducing financing. "What was needed were concepts," Aschmies said. "If there had to be closures, they should have been made decisively, not just these small cuts every year so the whole thing withers away."

The conductor Sylvio Cambreling, who took over as artistic director of the Frankfurt Opera in 1993, just as the crisis struck, watched his budget dwindle, too, until he left in disgust in 1997. "It's like taking a three-star gourmet restaurant and turning it into a McDonald's," he said.

In general, this essentially conservative country doesn't take well to change. Suggestions regarding the virtues of private arts financing on the American model were received with the polite but firm opinion that it could never work in Germany.

Now in Frankfurt, after some years of much-touted and undeniable crisis, you can actually hear people talking about the necessity for change.

# U.S. Museums to Search Collections for Nazi Loot

New York Times Service

**WORCESTER, Massachusetts**—The Association of American Art Museum Directors has pledged that its members will review their collections in search of artworks that were illegally taken from their owners in the Nazi era.

The action by the group, which represents the 170 largest art museums in North America, comes after several cases of questionable ownership that raised suspicions that museums own or display tainted works.

The association, here for its annual meeting, said that from now on, its members would review the provenance records of works that are lent to them for exhibitions and will conduct far more scrupulous ownership research before acquiring pieces. And members agreed to respond quickly to any claims that arise, using mediation if necessary. They asked families with potential claims to make inquiries.

"I'd hope that all families with claims would come forward," said Philippe de

Montebello, director of the Metropolitan Museum of Art, who is chairman of a 14-member task force created in January to produce guidelines to deal with World War II art losses. And Robert Bergman, director of the Cleveland Museum of Art, said: "We're inviting dialogue, a joint effort on the problem."

The association is a voluntary group without binding authority over its members. But the fact that it adopted even a vague set of guidelines so looked art was called significant by past critics.

## BOOKS

### THE NASHVILLE SOUND

Authenticity, Commercialization, and Country Music

By Joli Jensen. 218 pages. \$29.95. Vanderbilt/Country Music Foundation Press.

Reviewed by Jonathan Yardley

It is appropriate that Vanderbilt University Press has begun a joint undertaking with the Country Music Hall of Fame. The press is part of the most distinguished educational institution in Nashville, the city that likes to think of itself as "The Athens of the South," while the Hall of Fame—now that the Grand Ol' Opry has left town and moved to the "burbs"—is the biggest drawing card for devotees of the city's most famous product, country music.

The marriage of academe and popular culture may look like one made in Heaven, but "The Nashville Sound," its first original publication,

suggests wedlock in a far steamier place.

It is almost impossible to exaggerate how bad this book is in so many ways. Its subject may be country music, but its impenetrable prose is couched in the vocabulary that is killing the humanities in academia—"iconographically," "mythic resonance," "iconic media setting," "valorizes," "de-motivates," "semiotic," "hierarchical"—while the style is almost indigestible.

What I am arguing for can be called an interpretive approach to culture production, which stands in contrast to earlier versions of a "production of culture" perspective, as well as to the political economy perspective in communications research. From the interpretive perspective, material conditions like the music industry and the marketplace may seem concrete and causal, but they are best understood as being created by ideas, values and beliefs. These interpretive processes are actualized to policies and practices, which are actualized in political, economic and institutional relations. But ideas, values and beliefs are what make up our cultural, social, political and economic relationships.

To be sure, anyone who keeps up with the worst excesses of academia can come

up with even more absurd examples of obfuscation gone berserk, but for our purposes that one will do.

The subject of this book, after all, is not the late fiction of William S. Burroughs but the music written and sung by the likes of Lefty Frizzell, Hank Williams and Patsy Cline. Yes, that music has implications larger than its ostensibly "hillbilly" origins and following, but to write about it as above—and then to discuss those implications by hauling out the likes of Hannah Arendt, Edward Shils, Oscar (Good Ol' Boy) Handlin and the like—is really, truly ridiculous.

Strip away all the pompous lard and what Joli Jensen is saying, or failing to say in a comprehensible way, is that "authenticity" and "commercialization" in country music are complicated notions not easily pigeonholed. It's an accurate, if obvious, point.

The transition that country music made in the 1960s and 1970s from rough and ready honky-tonk to the smooth, decidedly commercial "Nashville Sound" was complicated. It was not a calculated attempt to separate the music from its alleged (and highly questionable) roots, but an evolutionary process. Some of what happened was deliberate and even cynical, but much of it took place as does

so much else in life: serendipitously.

Jensen is not obtuse or inflexible. She grasps many of the issues revolving around "genuine" as opposed to "ersatz" country, as well as the difference between country and pop, which she understands best off each other in useful ways. As a child of the academic community in the early 1970s, she is captive to some of its silliest fantasies, but she also understands that commercialization is hardly as bad as some of us imagine, that the music can retain its integrity through many sweeping changes.

All of which is fine. This is not a stupid book, not by any means; indeed, among its frustrations is that one senses an intelligent mind behind it. But Jensen has marched in lockstep through all the routines to which too many bright academics are subjected. She trots out all the old bogboggins of the 1960s and puts them through their familiar, tired paces.

There are useful and even important things to be said about country music and what has happened to it in recent decades, and in her fashion Jensen says a few of them, but her fashion is so willfully impenetrable as to put off all readers save those who speak the same language.

Washington Post Service

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In India, his kitchenware, shoe polish, and herbal medicine are household names. Mr. Jagannathan, 50, has turned the TTK condom factory into one of the world's largest producers and exporters of prophylactics.

Mr. Jagannathan's strategy is to stoke new demand for ORS by selling the powder under his brand name Woodward's, which is popularly known for its "grine water," a mild medicine for in-

agencies have \$1 million to \$2 million for mass-marketing. That assistance is now in jeopardy because of U.S. sanctions that cut aid and credit to India. But agency officials hope that the project will be spared under a clause that exempts humanitarian aid from sanctions.

**See ORS, Page 12**

Others disagreed. "The growth in service jobs will help keep this expansion going for a long time," said Alan Day, an economist at Stratevest Group. "Alan Greenspan will raise his eye-

"It is reasonable to suspect that at least some of the recent declines in manufacturing employment and hours are related to Asia's economic problems," said

**See MARKETS, Page 12**

heavy buying Thursday and continued to gain on Friday. The Standard & Poor's High Technology Composite index rose 2.2 percent Thursday as investors grabbed anything they could in stocks off

Of course, investors find these stocks much easier to buy now than they were a few months ago when they were much higher. Despite gains this week, on Friday, the S&P High Technology Com-

**See STOCKS, Page 15**

**See STOCKS, Page 15**

Mr. Yeltsin warned that unless Rus-

point. (AP, Bloomberg)

United States, where start-up companies

many of

companies that have gone public. "People have heard for so long that we don't have enough entrepreneurs that

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Toronto	1.0000	27.221	16.95	21.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Yokohama	1.0000	27.221	16.95	21.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Toronto	1.0000	27.221	16.95	2															

biotechnology or computer software they just buy these stocks."

The most spectacular new stock is Mobilcom AG, a small German company that provides cellular-telephone service mainly by leasing and reselling capacity from Germany's three main carriers. Mobilcom went public last autumn at 62.50 DM. Its stock closed Friday at 1,455 DM, up 55 DM. Although Mobilcom's sales are only \$181 million, its market capitalization is about \$2.7 billion.

The euphoria is everywhere. In Brussels last month, zealous investors overwhelmed the rickety Belgian stock exchange during an initial stock offering by Kinopolis Group, a developer of multiplex movie theaters. Investors had oversubscribed the stock offering by 75 times, setting the stage for a huge jump in price as soon as

**See HIGH-TECH, Page 15**

**See HIGH-TECH, Page 15**







## EUROPE

## Singapore Is Most Competitive

GENEVA — For the second year in a row, Singapore remains the world's most competitive economy, ahead of Hong Kong and the United States, according to a report released Friday.

The World Economic Forum's Global Competitiveness Report 1998 ranks countries according to their openness, government, infrastructure, technology, management, labor and institutions. Countries are given scores in each category, and an average is taken to evaluate overall competitiveness.

Singapore and Hong Kong owe their high rankings to the fact they scored well in all categories, while the

United States received top marks for finance, infrastructure, technology and management.

"After the return of Hong Kong to China, business responses remain generally positive about Hong Kong," said Jeffrey Sachs, director of the Harvard Institute for International Development and co-chairman of the panel issuing the report. "Hong Kong is caught up in the external crisis in the region and is a service provider like Singapore. Both are well-run countries."

The United States is by far the most competitive large country, according to the report. Among other countries with populations greater than 50 million, Britain ranked fourth overall and Japan was 12th.

## Kohl Hails Drop in Unemployment

Reuter's

BONN — Chancellor Helmut Kohl on Friday seized on a decline in German unemployment in its lowest level in two years as proof he was winning the jobs fight, four months before the general election in September.

He said unemployment fell by 220,000 in May, bringing the jobless rate down to 10.9 percent. It was the first time the figure had fallen below 11 percent since 1996.

The jobless data were not due to be officially released until Tuesday, but Mr. Kohl unveiled the figures early to help his flagging campaign to win an unprecedented fifth term as chancellor.

"The latest economic data signal that the recovery is gaining in breadth and dynamism, and has now reached the labor market," Mr. Kohl said in a campaign speech in Essen.

Mr. Kohl also forecast economic growth of between 2.5 percent and 3 percent this year.

The unemployment data, which do not take seasonal factors into account, follow a fall of 200,000 in April, to 4.42 million.

But economists said Mr. Kohl's diagnosis of the drop in unemployment as due to an accelerating economic upturn only told half the story. They noted that the dramatic drop in the number of jobless would not have

been possible if the Kohl government had not injected cash into new job-creation programs earlier this year.

Adolf Rosenberg, an economist at Industrial Bank of Japan, said billions of marks in extra funding announced in January would make it possible to cut about 500,000 people from the jobless rolls before the Sept. 27 general election.

Economists also said that the positive employment outlook would not justify higher interest rates.

## Boost for EBRD Candidate

Koehler of Germany Wins Unanimous EU Backing

LUXEMBOURG — European Union finance ministers unanimously endorsed Horst Koehler, Germany's chief negotiator of the Maastricht treaty, for the presidency of the European Bank for Reconstruction and Development, the German finance minister, Theo Waigel, said.

The 15-nation EU endorsement strengthens the chances that Mr. Koehler will get the job because the EU holds a 51 percent stake in the bank and traditionally its candidate is selected. Mr. Waigel said that other shareholders, including the United States and East European countries, had signaled that they also would back Germany's nominee.

Mr. Koehler, 55, is unopposed in his bid to head the bank, known as EBRD, which promotes business and economic development in the countries of the former Soviet bloc. The post has been vacant since Jacques de Larosiere retired on Jan. 31.

The ministers also approved a capital increase for the European Investment Bank, allowing it to lend and borrow for at least five more years, bank officials said. The ministers, who make up the bank's board of governors, also agreed an exceptional payout of 1 billion European currency units (\$90 million) from the bank's reserves, allocated according to each EU member's share in its capital. It was the first such payout made by the bank in its 40-year history. Germany, France, Britain and Italy each hold 17 percent of the bank. The rest is shared by the other 11 EU members.

The subscribed capital of the bank will rise to 100 billion Euros from 62 billion, allowing it to lend and borrow up to 250 billion Euros, compared with a ceiling of 155 billion now.

## Astra Plans to End U.S. Deal With Merck

Swedish Drug Giant Will Buy Out Venture

Bloomberg Business News

STOCKHOLM — Astra AB is close to buying Merck & Co.'s half of their U.S. sales venture, Astra Merck Inc., people familiar with the transaction said Friday, paving the way for Sweden's biggest drug company to merge with a rival.

Astra, which is due to announce the deal next week, will first pay up to \$3 billion for Astra Merck with further payments based partly on future sales over 10 years. Analysts say those payments could reach \$1.5 billion.

Astra and Merck said they were in talks to "restructure" the venture but would not give details.

Buying out the venture could encourage suitors to bid for Astra, maker of Losec, an ulcer medicine that is the world's top-selling prescription drug, because it removes Merck's first right of refusal to sell all new Astra products in the United States.

Merck, which last month shed its stake in a venture with Du Pont Co. for \$2.6 billion, could use the cash to fund research.

"Astra will have more options to merge or buy companies, or someone could come and buy them," said Per Skovier, a fund manager at Storebrand in Oslo. "Getting bigger is part of the game."

Shares in Astra, the world's 15th-largest drug company, closed at 169.5 kronor (\$21.86), a rise 16.5 percent, or 11 percent, Merck shares

also rose strongly in the United States.

Astra's chief executive, Haakan Mogren, said three months ago his company was looking for a merger partner of a similar size, such as Zeneca Group PLC, Schering-Plough Corp. or Bayer AG. Analysts say a U.S. partner is more likely since the company needs to bolster its presence in the United States, where more than 38 percent of the world's drugs are sold.

Merck, however, is not interested in a merger or acquisition even with the possible end of Astra Merck, said John Doorley, a company spokesman. The company instead prefers to focus on developing new products with their cash.

Robin Campbell, an analyst with Paribas Capital Markets, said \$10 billion was "probably the lowest Astra can pay to extricate itself from the venture." But, he added, "Astra will be in a much better position to talk to merger candidates."

Astra Merck was formed in November 1994, when Astra paid \$820 million to reclaim half of the rights to sell its drugs in the United States. Merck had acquired that right for \$60 million in 1982, just as Losec was coming to market.

Astra also is under pressure from Investor AB, its largest shareholder, to lift a stock price that has risen just 23 percent in the past year compared with the Swedish OMX index's 34 percent increase.

## WorldCom-MCI Deal Has an EU Problem

Bloomberg Business News

WASHINGTON — The European Union's top antitrust official said Friday he would move to block WorldCom Inc.'s proposed \$41.8 billion purchase of MCI Communications Corp. next week unless the companies offer "proper remedies" to assure they would not dominate Internet backbone services.

EU and U.S. Justice Department antitrust enforcers told the companies that MCI's proposed sale of its wholesale Internet business to Cable & Wireless PLC "was not cable

enough," the EU competition commissioner, Karel Van Miert, said.

"They tried to keep as much as they possibly could, and we said, 'No, that's not what we had in mind,'" Mr. Van Miert said of MCI's proposed Internet sale, which the company had hoped would lead to EU clearance.

The companies face a July 15 deadline for a final EU ruling. The European Commission, the EU's executive agency, must spell out its position on the takeover at least a month before that date. The 20-

member commission will meet Wednesday, and Mr. Van Miert is to submit his recommendations then.

The companies must guarantee that any overlap in their Internet businesses will be eliminated, Mr. Van Miert said.

"Otherwise, I don't have any other option than to put a negative decision before the European Commission," he said.

A sale of WorldCom's Internet unit, UUNET Technologies Inc., would satisfy concerns, Mr. Van Miert said.

## WORLD STOCK MARKETS

Friday, June 5

Polity prices in local currencies.

Telecom

High Low Close Prev.

Amsterdam

ASEX index: 1983.11

Previous: 1979.25

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## Kuala Lumpur

High Low Close Prev.

ASEX index: 1983.11

Previous: 1979.25

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## London

High Low Close Prev.

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The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
The Associated Press.

Continued on Page 16

## High Hopes—

HIGH-TECH: 3/2

هكذا من الاصل



ASIA/PACIFIC

# Kim Warns Chaebol To Dump Weak Units

By Don Kirk  
International Herald Tribune

SEOUL — Emboldened by the success of South Korea's governing party in local elections, President Kim Dae Jung escalated his campaign Friday to shut down money-losing companies sheltered by the country's bloated conglomerates.

"Business is for profit," Mr. Kim said. "If they are not making profits, it is meaningless." His comments were a warning that the conglomerates, known as *chaebol*, had to stop delaying and jettison scores of companies that analysts believe are weighing down the economy.

Mr. Kim talked tough about economic reform on the eve of a nine-day mission to the United States geared in large measure at American investors. He will travel with 120 South Korean business leaders and consultants who will explain Mr. Kim's efforts to revive the South Korean economy.

Shortly after he spoke, Mr. Kim overcame a major obstacle to his reforms when the Korean Confederation of Trade Unions canceled a general strike planned for next week and said it would join talks with government and business representatives on the need for layoffs and welfare benefits for the country's 1.5 million unemployed workers.

The union, South Korea's second largest with about 550,000 members, staged a two-day general strike last week.

Mr. Kim's comments came as he celebrated his 100th day as president. He was clearly savoring the triumphs by his party's candidates in mayoral and gubernatorial contests in Seoul and Incheon, home of nearly half of South Korea's population.

He insisted "the government will not intervene in business" but called on banks to discipline the *chaebol* through their power over credit.

In a reference to the bribery that has often characterized relations between banks and companies, he warned, "We'll make sure the banks don't use funds for any specific favors." The government, analysts noted, can seek to force compliance by managing infusions of funds from the central bank, buoyed by a rescue package of nearly \$60 billion in loans engineered by the International Monetary Fund last December.

"The power of the government is the power of the purse string," said Hank Morris, a prominent consultant here. "Companies can't turn to overseas markets and raise funds. They're stuck with domestic funding, and the government has the greatest say over who does what in banking decisions."

In his remarks, Mr. Kim gave his backing to a demand by a recently formed economic watchdog agency, the Financial Supervisory Commission, for the banks to include money-losing companies from among the nation's "big five" *chaebol* on a blacklist of companies no longer eligible for loans.



TESTING TIME — An employee at a McDonald's restaurant in Tokyo on Friday checking for colon bacillus in a drink, a precaution to avoid food poisoning during the summer.

# APEC Sets Telecom Trade Pact

Agence France-Presse

SINGAPORE — APEC members agreed Friday to tear down technical barriers to the multibillion-dollar trade in telecommunications equipment by mutually recognizing tests and certification of phones and other products.

Communication ministers of the 18-member Asia-Pacific Economic Cooperation forum, ending a three-day meeting, described telecommunications equipment as "a model sector" for liberalization.

The chairman of the meeting, Communications Minister Mah Bow Tan of Singapore, said the agreement, with self-imposed national deadlines, would cut red tape and slash costs for manufacturers and, eventually, consumers.

"It will be a shot in the arm for APEC trade in telecommunications products," Mr. Mah said. "I would say that all countries would benefit."

The U.S. trade representative, Charlene Barshefsky, said from Washington that the agreement, the first in any region, would affect about \$4.5 billion in trade, one-third of the global telecommunications market.

U.S. trade officials said the agreement covers all equipment subject to telecommunications regulations, including "wireline and wireless, terrestrial and satellite equipment."

Products like cellular phones will be certified in the exporting country according to the importing country's standards, eliminating the need for duplicate tests and shortening the time it takes to bring products to market.

Sixteen of the 18 members of the forum signed up. The two countries that did not officially join the agreement, Chile and New Zealand, said their markets were already open.

The members of the forum are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

## Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	11750	8,588.47	8,555.43	+0.39
Singapore Straits Times	1750	1,158.48	1,157.74	-1.62
Tokyo Nikkei 225	17600	2,642.80	2,658.40	-0.59
Kuala Lumpur Composite	1500	505.05	518.61	-2.61
Bangkok SET	1500	518.16	518.81	-0.12
Seoul Composite Index	341.59	341.59	342.46	-0.25
Taipei Stock Market Index	7,905.58	7,905.58	7,925.88	-1.07
Manila PSE	1,957.76	1,957.76	1,953.98	+0.20
Jakarta Composite Index	4,083.46	4,083.46	4,083.31	+0.04
Wellington NZSE 40	2,135.78	2,135.78	2,152.04	-0.76
Bombay Sensitive Index	3,417.89	3,417.89	3,543.21	-3.52

Source: Reuters International Herald Tribune

## Very briefly:

- China Development Corp. plans to invest 2.186 billion Taiwan dollars (\$63.8 million) in TI-Acer Inc., an unprofitable microchip maker that is a joint venture of Texas Instruments and Taiwan's leading computer maker, Acer Inc.
- PT Telkom, Indonesia's domestic phone monopoly, agreed to lower payments that joint-venture partners make in return for leasing parts of the company's phone network. The partners include Nippon Telephone & Telegraph Corp. of Japan, France Telecom SA and Cable & Wireless Communications PLC of Britain.
- Intel Corp. and SAP AG of Germany plan to set up a Japanese subsidiary of Pandesite, their joint venture to make software for electronic trade over the Internet.
- The Australian dollar fell Thursday amid concern trade will suffer as Asia's economic crisis deepens. The U.S. dollar rose to 1.6611 Australian dollars from 1.6367 dollars on Wednesday.
- Sing Tao Holdings Ltd. said negotiations for its chairwoman, Sally Aw, to sell her controlling stake in the newspaper publisher to Mingly Corp. had collapsed.
- China plans to bring domestic crude oil prices into line with the international market after keeping them artificially high for almost 50 years.

Bloomberg, Reuters

# High Hopes Ebb for Japan's Economic Cure

By Sandra Sugawara  
Washington Post Service

TOKYO — The Japanese government is preparing to pour billions of dollars into public works projects that it says will help the battered construction industry and stimulate the economy. But despite the promises of high impact, even the construction industry is not optimistic.

"We are grateful, because public works projects have been declining," said an executive at one of Japan's largest building contractors. "But even so, it won't really improve the overall prospects of the industry or of this country."

For one thing, analysts say, the stimulus measure the Japanese government is about to enact is far smaller than the one promised in April. Other foreboding economic news is surfacing here. The government said Thursday that consumer spending was down 2.1 percent in inflation-adjusted terms in April from a year earlier. Last week, it announced that fixed investment by businesses and housing starts also fell sharply in April.

In normal times, Japan's slow-

down would be mainly a domestic concern. But with a financial crisis buffeting much of East Asia, many analysts say they believe that speeding up Japan's economy and drawing in imports will be crucial to reviving the region as a whole.

Jeffrey Young, a Tokyo economist with securities firm Salomon Smith Barney, said markets had largely ignored increasing evidence that the stimulus package is going to be smaller than pledged. He has sent out a report to clients warning that the smaller size dampens hopes for an economic upturn later this year.

In April, Prime Minister Ryutaro Hashimoto announced what Japanese officials described as a record-setting \$120 billion stimulus package. But the supplemental budget under consideration in Parliament — the vehicle for putting the program into effect — contains far less money, about \$26 billion in public works funds and \$19 billion in tax cuts, for a total of \$45 billion.

Mr. Young said one reason for the discrepancy was that the package announced in April included spending that would occur in later years.

Another reason is that Mr. Hashimoto's plan included money that is supposed to come from local governments. But Mr. Young said local governments were already so saddled with deficits and debts that he doubted many would "cough up this much money."

But without more local expenditures, there will be little increase in public works spending over last year. That was because the initial budget for this fiscal year, was extremely

tight, so the supplemental budget that Parliament will pass this month will merely bring Japan's public works spending up to about last year's level.

An unconventional recommendation by Paul Krugman, an economics professor at the Massachusetts Institute of Technology, has attracted much attention here after appearing on his World Wide Web page

(web.mit.edu/krugman/www/).

Mr. Krugman argues that Japan is in a "liquidity trap," because, although its central bank has kept interest rates very low and has increased the amount of cash in circulation, the economy has refused to expand. Mr. Krugman said this happened when people feared that the nation's productive capacity would decline. So, pessimism about the future, they save their money.

Mr. Krugman's solution is to encourage inflation by printing lots of money. As prices rise, people will rush to spend before the next price hike, the theory goes.

He warned that although structural reform such as closing weak banks may work, it could also backfire if it results in rising unemployment and falling demand.

■ 'Big Bang' Bills Passed

Japan's Parliament approved four financial deregulation bills on Friday, stepping up the nation's "Big Bang" program of opening financial markets to greater competition. The Associated Press reported from Tokyo. Key portions of the "Big Bang" legislation will take effect on Dec. 1.

Plan to stimulate business is smaller than the one promised.

# HIGH-TECH: A Love Affair STOCKS: Investors Defy Forecasts of Trouble

Continued from Page 11

shares began trading. But because the Belgian stock exchange puts limits on daily price swings, Kinopolis stock was not allowed to start trading until several days after the public offering.

For all the giddiness, bankers and financial analysts say the boom at least partly reflects important changes in Europe that were long overdue.

The new stock exchanges that cater to smaller and younger companies, they say, are providing a crucial source of capital that has long been present in the United States but absent in Europe.

Because small and comparatively untested companies were all but prohibited from selling their shares to the public, American-style venture capitalists were reluctant to invest because they had little way to cash out after several years. The main sources of financing were either bank loans or a company's profits — of little help to companies with novel ideas or technologies but few assets.

"As a venture capitalist, you could invest but there was no way to harvest your profit after three or five years," said Jos Peters, head of Capricorn Partners, a Belgian venture-capital firm, who helped start a European electronic-trading system for small companies called Easdaq. "You were stuck with paper value. What Easdaq has done is to close the circle so that people can attract money at a valuation that reflects the future."

Easdaq, started just two years ago, is a miniature clone of Nasdaq, the American electronic-brokerage exchange. It also embodies an American approach to shareholder protection: Instead of demanding that companies reach a certain size and show a long record of sales and profits, Easdaq requires companies to adopt international accounting standards and to follow strict rules

about disclosing information. "The normal stock exchanges took the view that they had to protect the investor and that they were only for blue-chip companies," said Jacques Putzeys, the chief executive of Easdaq. "We take the view that we protect the investor against not having enough information."

For promising biotechnology and electronics companies, the new exchanges have been a godsend.

Qiagen NV, a German biotechnology company founded in 1984, had already generated a modest profit and annual sales of about \$30 million when it wanted to go public several years ago. But because German financial institutions had little familiarity with biotechnology, the founders turned to the United States and went public on Nasdaq.

"At the time, you couldn't sell most of the young biotech companies here," said Peer Schatz, Qiagen's chief financial officer. "There were virtually no comparable biotech companies listed in Frankfurt. There were no analysts who specialized in the field. And there were no banks to support us. The U.S. markets were much more open."

Last fall, Qiagen returned with a second stock offering in Germany that raised \$47 million. "The change is really dramatic," said Metin Colpan, Qiagen's chief executive. "Everyone is now talking about stocks."

But many analysts say the speculative euphoria could be reaching the levels that typically mark an overheated market that is poised for a downturn.

"German retail investors generally have no idea what kind of company they have bought," said Pierre Drach, president of Independent Research, an investment research company in Frankfurt. "Institutions are the main holders of the initial public offering, but then come the retail clients who buy for three times or four times as much."

Continued from Page 11

that was still more than double its \$38.25 price just six months ago. Sure, International Business Machines Corp., which rose \$2.18 Thursday, to \$116.06, was down 7.5 percent from its May 14 high, but it was up 21 percent since March.

On Thursday, the S&P High Technology Composite was 23 percent higher than it was in December. In late trading Friday, the index was at 826.86, up 2.87 points.

These stocks might indeed be cheap if one could be certain that any bad news about their industry or their businesses was already reflected in their prices. But

given how glacially analysts respond to bad news, this is highly unlikely.

Wall Street analysts accentuate the positive, and they are not disappointing us now. Earnings at technology companies, these optimists believe, will rebound nicely in the third and fourth quarters.

Consensus expectations for third-quarter earnings on First Call's composite of technology companies are for an increase of 21 percent. The herd thinks fourth-quarter earnings will rise 15 percent.

The only trouble with buying this argument is that analysts' opinions, not completely reliable in good times, are exceedingly untrustworthy in bad times.

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**Friday's 4 P.M.**

The 1,000 most traded National Market securities  
in terms of dollar value; updated twice a year.  
*The Associated Press.*

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1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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**Friday's 4 P.M. Close**

(Continued)

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Emerging Mkts	700	3	Global Tech Fund	17.9%	3	Class B	20.03	4	QF Prime Bond Fd	17.25	0.99%
Emerging Mkt Fd	101.13	0	Cont'l & Eastern Europ Fd	18.6%	3	Class B	18.51	4	QF Prime Bond Fd	17.25	0.99%
Emerging Mkt Fd	101.13	0	Cont'l & Eastern Europ Fd	18.6%	3	Class B	18.51	4	QF Prime Bond Fd	17.25	0.99%
Emerging Mkt Fd	101.13	0	Cont'l & Eastern Europ Fd	18.6%	3	Class B	18.51	4	QF Prime Bond Fd	17.25	0.99%

AS - Austrian; AS - Austrian Schilling; BZ - Belgian Franc; C\$, Canadian Dollar; Dfl - Deutsche Mark; DM, German; Dnkr, Dnkr - Danish; ECU - European Currency Unit; FF - French Franc; Fmk - Finnish Mark; FL - Dutch Florin; IDR - Indonesian Rupiah; Lit - Italian Lire; Lf - Luxembourg Franc; p-penny; MYR - Malaysian Ringgit; P - Peseta; S\$ - Singapore Dollar; S\$ - Swiss Franc; S\$ - Swedish Kroner; THB - Thai Baht; Y - Yen;



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# High Yields Come To Those Who Wait

In Government Bonds, Long View Pays Off

By Aline Sullivan

**Y**IELDS AIN'T what they used to be, in the words of one professional investor. Others agree that procuring high yields in today's government bond market is not for the faint-hearted.

"There are no decent yields now without considerable risks," said Kit Juckes, currency and bond strategist at NatWest Global Financial Markets in London.

But for investors with more than a one-year view, some risks appear worth taking.

"The lesson we learned from European convergence was to keep an eye on the long game," Mr. Juckes said. "Look at Italy. The same scenario is repeating now in Poland and some of the other emerging European markets."

Poland, like Italy three years ago, has a relatively cheap currency despite an economy that is improving rapidly as its government scrambles to meet the economic criteria of European monetary union. The yield three years ago on Italian government bonds was more than 12 percent, or 650 basis points above comparable German debt. Cuts in spending and debt as the price of joining the exchange-rate mechanism, which ties European currencies together, has since forced that premium to narrow to less than 26 basis points.

The possibility of history repeating itself has not gone unnoticed: Poland is to join NATO next year and hopes to enter the European Union in 2002 or 2003. Demand for Polish debt sold at the government's auction Wednesday exceeded the 1.5 billion zloty (\$429 million) offering by more than four times.

Analysts consider Poland the most attractive of the East European markets, which have been tainted in recent weeks by their proximity to Russia's giant, stumbling economy.

But Russia, even more than its neighbors, has been too maligned, said Desmond Lochman, head of emerging-market economic research at Smith Barney in New York.

"There is plenty of value to be had if you take the long-term view," he said. "Russian bonds are yielding 800 basis points over U.S. Treasuries. There is risk and there certainly will be more volatility. But the probability that Russia will default on its debt has been overstated."

A sign of growing confidence is that Russia's stratospheric debt yields, while still high even by emerging-market standards, are coming down. On Wednesday, the government sold 4.12 billion rubles (\$668 million) from an offering of 9 billion rubles of 343-day Treasury bills at an average annual yield of 54.02 percent, well below the 74 percent-plus yields

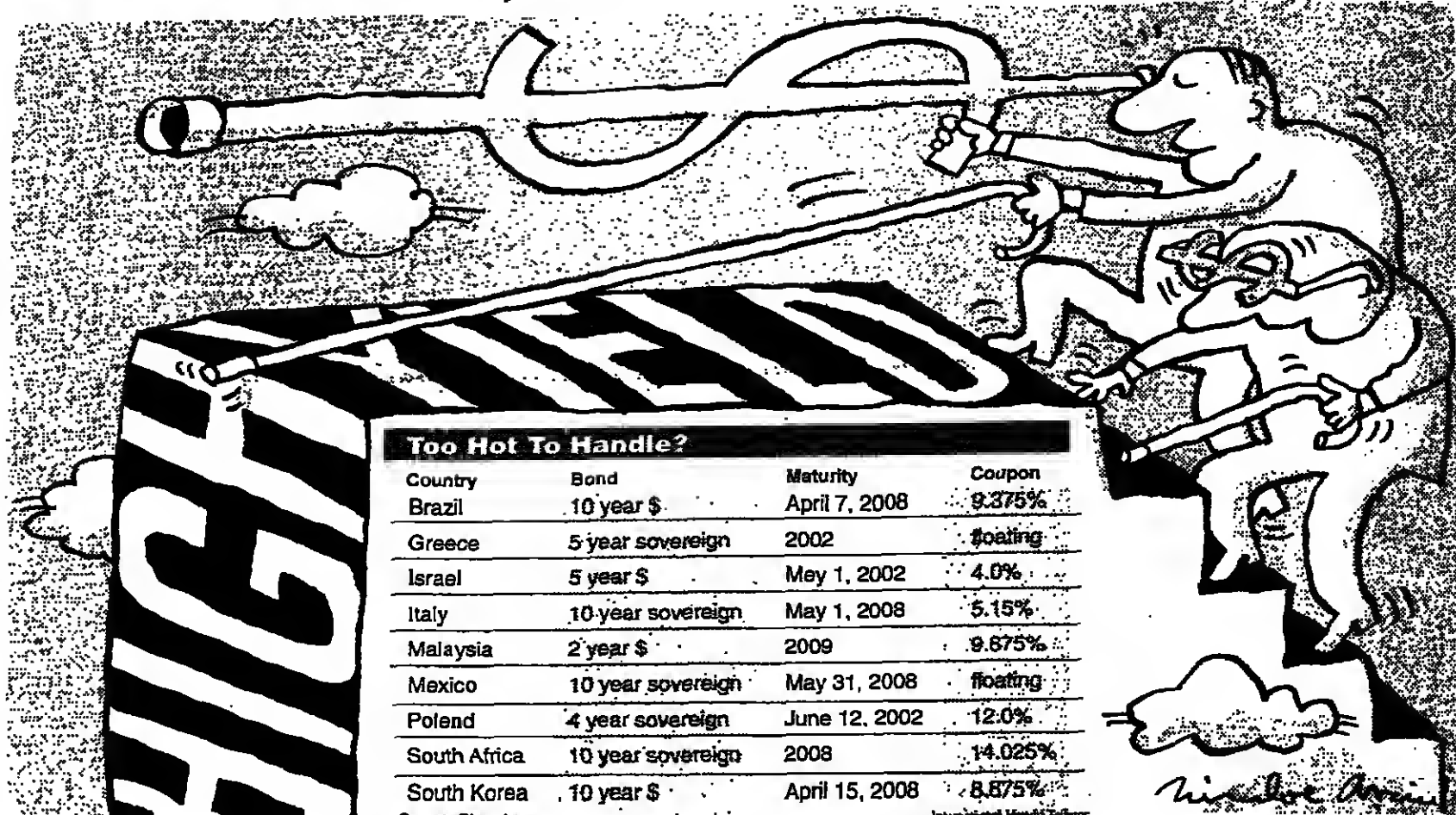
seen at the beginning of the week. It also raised 522.9 million rubles in one-week Treasury bills out of 2.5 billion rubles offered at a yield of 39.93 percent, down from 47.95 percent the day before the offer. It sold 5.823 billion rubles of 126-day bills from 5 billion offered at a yield of 54.28 percent, down from 65.45 percent.

Also attractive in the Europe is Greece, where five-year bonds are yielding about 300 basis points over Bunds, despite the drachma's entry into the exchange rate mechanism in March. This week, Prime Minister Costas Simitis reiterated his commitment to economic and monetary union, but warned Parliament that this goal would not be achieved without reforming the economy to make it more competitive.

Investors have been flocking to Israel, where speculation that inflation will not rise above 3.5 percent in the next 12 months has helped push up yields on the long Gilon unlinked bonds to more than 12 percent and on the long Shahr unlinked bonds to more than 10 percent.

But William Lloyd, head of market strategy at BZW Securities Inc. in New York, prefers the Western hemisphere. "Russia may have the highest yields now in dollar-denominated paper, but investing there is a very speculative play," he said. "There are better ways to pick up higher yields, such as in Mexico, which is yielding 330 basis points over U.S. Treasuries, and in Brazil, which is yielding 550 basis points higher. Brazil is far more likely to make it than Russia."

No one is expecting an easy ride in Brazil, however, where economists have been reassessing forecasts of an easy reelection for President Fernando Henrique Cardoso. Polls show that the leftist can-



didate Luiz Inacio da Silva is gaining.

More risky still is South Africa, where the sizzling bond market may be about to fizzle, some analysts warned. Yields of about 13 percent on the benchmark 150-rand bond due 2005 may no longer justify the rising risk of capital flight as the country's foreign-reserve base narrows. The central bank was forced last week to raise interest rates to halt a run on the rand.

Investors who can stomach the risk might consider the super-high-yielding U.S. dollar-denominated benchmark bonds issued by Malaysia, the Philip-

pines, South Korea, Thailand and, for the truly courageous, Indonesia.

Neil Ellerbeck, senior fixed-income portfolio manager at London's Chase Asset Management, prefers to play it safe.

"We have some exposure to New Zealand because of its high yields, but mostly we are overweighting European bonds," he said. "The yields certainly aren't high, but they have more to offer than U.S. Treasuries, which offer nothing more than fair value, and a lot more than Japanese bonds, which may soon yield less than 1 percent."

## Emerging Debt Funds: Plays for the Truly Brave

Volatility Tempers the Lure of Rich Returns

By Judith Rehak

**S**TANDARD ADVICE for investors tempted by the fat, double-digit returns of emerging-market debt funds has long been to proceed only if accompanied by a strong stomach, nerves of steel and a long-term view.

Such recommendations are especially timely right now. Hit by the Asian financial crisis and Russia's struggle to save the ruble from collapse, these volatile funds, which specialize in below-investment-grade debt ranging from Russian government issues to Bulgarian Brady bonds and Turkish short-term paper, have been mired in low single digits.

But their history is one of spectacular upswings that have far outstripped any downturn.

Over the past five years to the end of last month, the emerging-market debt fund sector has been the star of the fixed-income universe, appreciating 104.74 percent compared to 62.35 percent for the next-best performing group, U.S. high-yield bonds, according to Mucrop, the fund-data group.

To be sure, these funds are hunkered

down right now. But strategies differ widely, depending on how defensive and opportunistic their managers are.

Abigail McKenna, a co-manager of the Morgan Stanley Emerging Markets Debt Fund, which returned a hefty 21.7 percent last year, said the fund had only a small holding in Asia.

Because of concerns over falling world oil prices, the managers have also cut back their stakes in Venezuela and Ecuador, whose fragile economies depend heavily on oil revenues.

Nevertheless, like many of its peers, the Morgan Stanley fund's largest chunk, 65 percent, remains in Latin America, where there is a wider choice of debt instruments, and partial shelter from the tumultuous markets of Asia and Russia. A top pick is Mexico, where it has a hefty 16 percent.

"It's less dependent on oil, and the underlying momentum of the economy is good, so we've bought there," Ms. McKenna said.

The fund had retreated from Russia as its political and economic problems worsened. But in the best tradition of emerging-market investors, when the government recently issued dollar-denominated debt at a whopping 8.5 percent more than a comparable U.S. Treasury bill, the opportunity was too good to pass up.

"At those levels, they're pricing in disaster-like scenarios," said Ms. McKenna, adding that the fund's managers concluded that Russia would be bailed out by the International Monetary Fund—a bet that may yet prove to be correct, now that President Bill Clinton has endorsed the concept of new international financial support for Russia.

Simon Romijn, manager of the \$78 million ING International Emerging Debt Fund, also has a 60 percent stake in Latin America. But he has reshuffled his holdings, moving money out of Brazil, where he thinks the currency looks vulnerable.

Like Ms. McKenna, he considers Mexico to be more stable and more defensive. About half his 20 percent stake there is in Brady bonds, the high-yielding, restructured dollar-denominated debt that is a staple of emerging-market bond portfolios.

Although Mr. Romijn had almost no investments in Asia when its markets fell apart, he recently jumped back in, participating in a South Korean government dollar issue priced at 4 percent over comparable U.S. Treasury bills.

## The Case for Sticking With Stocks

**W**HY BUY BONDS? Everyone knows that in many countries bonds underperform stocks over the long term. But conventional wisdom has it that as investors age, they should sell stocks and buy bonds for income and security.

That may not be such a great idea, however. Older investors may not expect to live for long, but his or her investments may still have a long-term mission, said Charles Ellis, a partner at Greenwich Associates in Connecticut and author of the book, "Winning the Loser's Game: Timeless Strategies for Successful Investing."

"There may be no reason to limit the time horizon of the investments to the owner's lifetime when the owners'

true objective — providing for children, spouse or alma mater — have a much longer-term horizon," he said.

Moreover, every dollar of extra income from bonds costs about \$1.50 in opportunity costs from not investing as much in long-term equity investments, Mr. Ellis said.

"This may be a heavy price to pay for the apparent conservatism of shifting assets into higher-yielding defensive investments such as bonds and income stocks. Worse still, the investor becomes 'a stationary target for inflation.'"

High inflation may be only a dim memory for many of today's investors, but its potential to savagely undermine the value of fixed-income assets such as bonds should never be forgotten, he

said. Indeed, inflation in the United States was so high in the 1970s that investors there fared worse in that decade than in the Depression years of the 1930s.

"Inflation is the ruthless, unrelenting destroyer of your capital," Mr. Ellis warned. "To purchase an item costing \$100 in 1960 would have cost \$500 in 1995. In other words, during just one generation, inflation reduced the value of each dollar by a withering 80 percent."

Obviously, these are not the primary concerns of those approaching or already living in a retirement financed on a shoestring. For these investors, bonds probably do provide the best shelter from the wild swings of the equity markets.

— ALINE SULLIVAN



Mr. Koppelman: 'Between a gas-company bond and a Beatles bond, I know which one I would go for.'

future. If you have a portfolio of songs with a five-year history, and these songs have been performed by different artists all over the globe, the songs stand on their own. The popularity of the songs is not affected by the conduct or longevity of the songwriter. Similarly, if the di-

Continued on Page 19

Continued on Page 19

Q & A / Charles Koppelman, CAK Universal Credit Corp.

## Seeing Stardust Securities in Entertainment Income

**I**F CHARLES KOPPELMAN, former chairman of EMI Records Group North America, has anything to do with it, last year's issue of "Bowie bonds" — based on future royalty payments against the singer David Bowie's catalogue of approximately 100 songs — will be the first in a long line of bond offerings tied to famous faces in the entertainment industry. Mr. Koppelman's new company, CAK Universal Credit Corp., aims to package and market the income flow from other proven entertainment assets. He talked with Barbara Wall about his plans for the company and the market for these offerings.

**Q. How did you come up with the idea for CAK Universal Credit Corp.?**

**A.** As part of my work in music publishing, I have given lectures to senior figures in banking and finance about the intrinsic value of music pub-

lishing rights. I became aware of the possibility of securitizing intellectual property some time ago, but the Bowie bonds probably tweaked my interest.

Once I was free to pursue this interest, I went on a fact-finding mission. I met with banks and securities firms to gauge their reaction to my plans and to find out if there was a plentiful supply of funds for this type of product.

The feedback was tremendous. All the financial institutions that I approached recognized the secure nature of intellectual-property income streams and had wanted to get involved in this area for some time.

The problem was that no one on Wall Street knew how to originate the business and few people felt comfortable putting a value on intellectual property. It was in these two areas that my 35 years' experience in the music business could be put to use. I like to think of my

association with the banking and investment industries as a marriage between Wall Street and Tin Pan Alley.

Once I had researched the market, all that remained was to choose a partner. Prudential Securities expressed an interest and the partnership was born. Prudential has a minority stake in the company.

**Q. What plans do you have for CAK Universal Credit Corp.? Are there any bond offerings in the pipeline?**

**A.** The company was incorporated in February 1997 and its role is to lend money against intellectual-property income streams, as opposed to simply securitizing entertainment assets.

The company has organized several loans already. One is with a medium-sized record company and another is with a well-known songwriter.

In about 90 days, I will probably parcel together a bunch of loans and securitize them. However, this will be a function of the company and not the artists concerned. I expect the initial offering will be in excess of \$100,000. This will be followed by many more securitizations. Ideally, I would like to do about one a month for the foreseeable future.

There are other companies working on securitizing the income stream from intellectual property, but I want to be responsible for at least 80 percent of all such securitizations. I am basically interested in any asset that has a proven income stream. We could be looking at lending to the owners of football teams and football stadiums, film directors, scriptwriters and novelists.

**Q. How difficult is it to ascertain the value of intellectual property?**

**A.** Past events generally predict the

## The Strategy of an Optimistic Value-Hunter: Buy Low and Wait (and Wait)

**S**AY IT ISN'T so, Marty! That was my reaction when, scanning the pages of the Value Line Mutual Fund Survey a few months ago, I came across the shocking news that Martin Whitman — founder, manager and chief executive of Third Avenue Value, one of America's best-performing mutual funds and an icon to buy-and-hold value-hunters around the globe — had moved 45 percent of his assets out of stocks and into cash and short-term U.S. Treasury bonds.

Had Marty become a market-timer? Was he trying to guess where stocks would head in the short-term rather than buying great companies at low prices and keeping them forever?

"Not!" he said. Of course, he wasn't timing the market. He wasn't even selling stocks. He was building up the cash that was flowing into his fund from new investors and from buyouts of companies he owned to use it for a

typically Whitmanesque purchase: Japanese banks.

Now, there's a contrarian investment. The Japanese banking system is a sordid mess, burdened with bad loans and bad managements that don't know how bad they are. Mr. Whitman thinks he can buy into these banks cheaply.

In the first three months of this year, Mr. Whitman took tiny positions (totaling \$6 million, or 0.4 percent of his fund's assets) in Chuo Trust & Banking Co., Sakura Bank Ltd. and Long-Term Credit Bank of Japan Ltd. These banks have had severe problems and their prices reflect that fact. Long-Term Credit, for instance, is down 52 percent in the past 12 months, and just last week the bank sued a magazine for writing that it would collapse without help from Japan's central bank.

In the short term, the returns of Mr. Whitman's fund are suffering, mainly because cash only returns 5 percent

while the stock market has been returning 25 percent-plus. Third Avenue is up a mere 15 percent in the past year and its three-year average return has fallen to 21 percent, compared with 30 percent for the S&P.

But investing with Mr. Whitman is a

### JAMES GLASSMAN ON INVESTING

long-term proposition. He is willing to wait and wait, and so should you. Over the past four years, his fund's average turnover has been just 6 percent annually, meaning that he holds the typical stock for 16 years; that compares with just 15 months for the average fund.

Despite what appear to be wild investments, Mr. Whitman's risk ratings are extremely low. The reason is simple. Mr. Whitman, following the admonition of Benjamin Graham, looks for a "margin of safety" when he buys. In other words, he loves cheap stocks.

"Unfortunately," he recently wrote to shareholders, "there are no guarantees, and there may not even be accurate guesses." In such a world, the best approach is to buy low, so the downside risk is limited.

His largest holding is Tejon Ranch

Co., which owns 270,000 acres (109,000 hectares) of valuable land near Los Angeles. Third Avenue, along with other Whitman institutions, owns more than one-quarter of Tejon, which has returned 53 percent in the past year.

Tejon is a special situation. He got the stock at a good price when Times Mirror Co. decided to unload it.

Mr. Whitman generally searches for values within industries that are flat on their backs and holds them as they recover. One sector that interests him now is semiconductor equipment. He owns

shares of 11 such companies, headed by FSI International Inc., Electro Scientific Industries Inc. and Silicon Valley Group Inc. Each is down at least 50 percent from its high last autumn, but each, Mr. Whitman says, has an excellent balance sheet and a bargain price.

Another depressed sector is petroleum service, battered as the price of oil has dropped. Third Avenue recently bought shares of Nabors Industries Inc., a contract driller for oil and gas, for \$21 — a purchase that especially pleased Mr. Whitman, since he founded the company in 1989 and sold out at \$46. Nabors trades at a P/E of 16.

But many of Mr. Whitman's biggest plays have been in Japan, where he became enamored of "non-life" insurance companies, which hold huge assets but trade at low prices. In fact, Tokio Marine & Fire Insurance Co., which trades as an American depositary receipt on the New York Stock

Exchange, is Third Avenue's single largest holding after Tejon.

While Mr. Whitman has been buying more of these non-life stocks as they have fallen, he has become frustrated with the folks who run the companies.

"These managements," he recently wrote to shareholders, "seem to be strictly operations-oriented, virtually oblivious to the terrific liquid resources they hold as the only capital-rich financial institutions in an economy where all other financial institutions seem to be capital-short."

If the managements were great, then the price of the non-life stocks would be too high to buy. Value investors have to be optimists, believing it will all work out in the end, even if they don't know how.

"Our basic premise in Japan," Mr. Whitman said, "is that it is a politically stable industrial democracy. We better be right about that."

Washington Post Service

25 من الامل







## WORLD ROUNDUP

### Pantani Keeps Lead

**CYCLING** Marco Pantani held onto his lead Friday in the Tour of Italy while a fellow Italian, Gian Matteo Fagnini, clinched his first stage victory.

Close on Pantani's heels — 1 minute, 28 seconds behind — is Pavel Tonkov of Russia, the 1996 Giro winner. The two rode together behind the lead pack Friday to save energy for Saturday's 34-kilometer (21-mile) individual time trial.

Tonkov is expected to defeat Pantani, who is a climbing specialist, in the time trial, and victory will come down to the final seconds. "We are both already thinking of tomorrow's race which will be decisive," Pantani said. "I am sure Tonkov will do all he can to win so it will be tough."

In a slightly longer time trial last week, Tonkov beat Pantani by just over two minutes. However, both racers are now fatigued from 20 days of riding and Saturday is expected to be another scorching hot day. The 22-stage Giro ends Sunday in Milan.

Fagnini won the day's stage — 137 kilometers (85 miles) from Boario Terme, Italy, to Mendrisio, Switzerland — in three hours, 31 minutes and 29 seconds. (AP)

### Bulgaria Defeats Algeria

**SOCCER** Hristo Stoichkov scored in the 33rd minute and gave the decisive pass in the 84th for the second goal to give Bulgaria a 2-0 victory over Algeria on Friday in the last round-up match for Bulgaria's World Cup-bound team.

The former Barcelona star striker opened the scoring in the 33rd minute on a free-kick from 25 meters. He then passed in the 84th minute to Ivailo Jordanov, who scored from ten meters.

Bulgaria's playmaker, Krasimir Balakov, created several good scoring opportunities for his teammates in the Algerian penalty area, but they missed the goal.

Bulgaria will play in Group D at the World Cup along with Spain, Nigeria and Paraguay. (AP)

### Holyfield Bout Called Off

**BOXING** Evander Holyfield never really wanted to fight Henry Akinwande. Now he won't have to.

Their heavyweight title fight was called off Friday, a day before the bout, because Akinwande tested positive for hepatitis B.

Another heavyweight, Ray Mercer, was also scratched from the card for undisclosed medical reasons and Christy Martin's opponent can't fight because she's pregnant.

It was uncertain late Friday whether the card would go forward at all with the aging Roberto Duran as the sole remaining attraction.

Two separate medical tests on Akinwande by the New York State Athletic Commission showed he had hepatitis B. (AP)

## A Sunny Day for 2 Spaniards

### Corretja Routs Pioline and Moya Downs Mantilla in Semifinals

By Christopher Clarey  
International Herald Tribune

**PARIS** — After years of relatively restrained behavior, this has been the French Open of the thrown racket.

When the normally subdued Cedric Pioline smashed one of his against a chair late in the third set on Friday, it merely confirmed what the home crowd of 16,000 already knew.

There were going to be two Spaniards in this year's men's final.

Their names are Carlos Moya and Alex Corretja, and they are more than countrymen; they are friends and frequent practice and dinner partners. On Wednesday night, they and Spain's other men's semifinalist here, Felix Mantilla, went for a stroll on the Champs-

Elysees and were photographed dipping three different straws into the same glass at a Parisian ice cream parlor.

It was the sort of camaraderie the Australians and Swedes once made a habit of enjoying when they were dominating men's tennis in less lucrative and secretive times, but when the Spaniards walked on center court on this hot and humid Friday, they were all playing for themselves.

In the first semifinal, the 12th-seeded Moya leaned on his huge forehand and some timely serving to rally from a 4-1 deficit in the third set to defeat the 14th-

seeded Pete Sampras indoors. "Maybe playing one final in a Grand Slam is coincidence, but I don't think two times is a coincidence," said the long-haired Moya, who has hit the fastest serve of the tournament and doesn't mind coming to net.

The 24-year-old Corretja has yet to beat Sampras indoors, but he pushed him to the brink of elimination and physical breakdown in the quarterfinals of the 1996 U.S. Open, and in March, he reached the semifinals at the prestigious hardcourt event in Key Biscayne, Florida.

With Arantxa Sanchez Vicario in the women's final and Corretja and Moya in the men's final, this is potentially the greatest Grand Slam weekend for Spain since 1994 when Sergi Bruguera beat countrymen Alberto Berasategui to win the men's title at Roland Garros and Sanchez Vicario beat Mary Pierce to win the women's title.

There have been great Spanish players in the past: Manuel Santana, Manuel Orantes and Andres Gimeno to name three. But there has never been a generation like this one. The movement that began with Arantxa's older brother, Emilio, in the 1980s and gathered speed with Bruguera's back-to-back titles at Roland Garros has not lost momentum. Five Spaniards were seeded here, and Bruguera, currently experiencing a crisis of confidence, was not one of them.

"Both Emilio and Sergi showed this generation how to be professional," said Moya's coach, Jose Perlas. "Another reason that Spanish tennis has



Alex Corretja of Spain relishing his victory over Cedric Pioline on Friday.

been successful is that everybody is in Barcelona in one centralized location: players and coaches. It gives us a chance to share ideas and methods. It's a bit of a laboratory."

The flip side is that there are no secrets, and when Moya and Corretja face off on Sunday with their friends

and families rubbing elbows and flags in the players' box, the view from either side of the net will look very familiar.

"The most important thing is we're going to be friends if I win or he wins," Corretja said. "I think we have to find our game on the court, and then just enjoy the party."

### The Women's Final

**Arantxa Sanchez Vicario (4) vs. Monica Seles (6)** Two familiar figures who have recommended themselves to their sport for different reasons. Seles has won nine Grand Slam singles titles and three French Opens; Sanchez Vicario has won three and two. Seles leads their series, 14-2. She has never lost to Sanchez Vicario on clay or in a Grand Slam, beating the Spaniard in the 1991 French Open final, 6-3, 6-4. If both are playing well on Saturday, Seles should win in straight sets again, but if she suffers an emotional meltdown after upsetting Hingis or resumes overhitting groundstrokes and underhitting serves, it could turn into the sort of marathon that Sanchez Vicario has made a career of winning.

## Real Quiet Is 6-5 Choice

By Joseph Durso  
New York Times Service

**NEW YORK** — Thirteen horses have been entered in the 130th running of the Belmont Stakes on Saturday, with Real Quiet drawing the No. 8 post position and favored at 6-5 to become the 12th winner of the Triple Crown.

A fair, cool day with a dry, fast track was predicted for Belmont Park when Real Quiet tries to accomplish something that his stablemate, Silver Charm, failed to do last year: sweep the punishing series of Triple Crown races that are contested over five weeks.

Real Quiet won the Kentucky Derby at a mile and one-quarter on May 2, beating Victory Gallop by a half-length, and the Preakness at a mile and three-sixteenths on May 16, this time beating Victory Gallop by two and a quarter lengths. Now he will try to outrun his rivals in the Belmont at a mile and a half, a distance that none of the horses has raced.

Real Quiet's chief threats figure to be an old rival and one new one. The old rival, Victory Gallop, ran second in both the Kentucky Derby and the Preakness and was duly installed as second choice in the field at 7-2. The new rival, Grand Slam, who won the Peter Pan Stakes only 12 days ago, was made the third choice at 6-1.

Bob Baffert, the only trainer to win the Derby and the Preakness in consecutive years, smiled through all the tumult surrounding his colic's rise to the top of the 3-year-old class, and said: "People came here last year to see history, and it was a letdown. If it's not meant to be this year, we'll come back next year."

And Ken Desormeaux, the jockey on Real Quiet, who attended Thursday's draw ceremony, echoed the party line, saying, "If I can get him comfortable, he'll run them into the ground."

The field of challengers grew by one when Chilito, who ran 11th in the Kentucky Derby, was named before the entry deadline Thursday.

## The End of a Stellar NBA Generation

International Herald Tribune

**OVER** THE remaining week or two, Michael Jordan is going to play in one of the great games the NBA has ever seen — a double-overtime action-adventure epic. He has never been involved in one of those before. Until now, he hasn't been vulnerable enough.

Americans sense that Jordan has taken on a special, almost sentimental role for these NBA Finals. They're staying up past midnight to see how he's doing. Next year it will be nothing like this — they will feel neither the urgency nor the warmth for whoever inherits his place.

The NBA, the American television networks, the shoe companies and the other sponsors have been trying to give names to a new generation of stars. But these NBA playoffs have proved what most of us knew on faith — that this marks the end of a stellar NBA generation.

In the sports bible the NBA was regenerated by Magic Johnson and Larry Bird in the early 1980s. After slaying Dr. J's 76ers, Bird's Celtics begat Isiah Thomas's Detroit Pistons. And so it was that Magic slew Bird and Isiah slew Magic and Jordan slew everybody. And then nothing new happened.

In America/IAN THOMSEN

When Jordan, bored, tried another sport for a couple of years, he wasn't replaced by a younger, faster, more vital heir. When Jordan returned to the NBA he found nothing had changed.

The recent playoffs have been difficult for Jordan, but it isn't because the young players have been knocking him around. In the NBA semifinals, the Bulls were pushed to a seventh game by an Indiana Pacers team of old men from Jordan's generation, coached by none other than Bird.

The sixth and seventh games of that series were of a standard that the NBA produced regularly a decade ago. Both teams cared, but it was more than that — they both had the skills to express their sincerity. They expressed it religiously.

The younger players express themselves commercially. Watching these finals is the final parting proof of the qualities of Jordan's generation, with its own Babe Ruths, Ty Cobb, Lou Gehrig.

Among the Bulls and the Jazz are the NBA's best players at four of the five positions. John Stockton, at 36, is still the most effective point guard, and his

Utah teammate, Karl Malone, is a power forward in a comic superhero's body at the age of 34.

Jordan, 35, and Scottie Pippen, 32, are the best at their interchangeable positions of shooting guard and small forward. And Dennis Rodman, at 37, remains the best rebounder in the game.

Bird was 29 when he won his last championship, as was Magic, as was Thomas. But nobody has come along to supplant Jordan and the other old men currently at the top of the game.

Why are the stars of the younger generation unable to succeed? Is it because they are guaranteed dozens of millions of dollars early in their careers, not for anything they've accomplished but because of what they might do? Have they been taught to rationalize success in ways other than NBA championships?

There will be plenty of time for complaining when Jordan is gone. He may have only a week or two left to play, but there is a feeling that his best is yet to come.

Ian Thomsen is a senior writer at Sports Illustrated magazine.

## SCOREBOARD

### BASEBALL

#### MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				NATIONAL LEAGUE			
EAST DIVISION				WEST DIVISION			
Team	W	L	Pct.	Team	W	L	Pct.
New York	41	13	.759	San Diego	37	23	.617
Boston	34	22	.607	San Francisco	36	24	.600
Tampa Bay	28	31	.475	Los Angeles	29	30	.492
				Colorado	26	34	.433
				Arizona	19	41	.317
CENTRAL DIVISION				WEST DIVISION			
Team	W	L	Pct.	Team	W	L	Pct.
Cleveland	35	21	.621	St. Louis	35	23	.604
Minnesota	33	21	.610	Chicago	33	23	.591
Chicago	34	23	.596	Philadelphia	30	26	.538
				Pittsburgh	29	29	.500
				Cincinnati	27	33	.450
WEST DIVISION				EAST DIVISION			
Team	W	L	Pct.	Team	W	L	Pct.
Seattle	35	23	.604	Atlanta	42	18	.700
San Francisco	36	23	.610	New York	31	23	.571
Oakland	24	31	.438	Philadelphia	26	30	.464
				Montreal	22	36	.379
				Florida	17	41	.293

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### ICE HOCKEY

#### NHL PLAYOFFS

EASTERN CONFERENCE FINAL				WESTERN CONFERENCE FINAL			
Team	W	L	T	Team	W	L	T
Washington	4	1	1	Edmonton	4	1	1
St. Louis	4	1	1	San Jose	4	1	1
Philadelphia	4	1	1	Los Angeles	4	1	1
Calgary	4	1	1	Colorado	4	1	1

### CRICKET

#### ENGLAND VS. SOUTH AFRICA

Team	W	L	T	Pct.
England	27	19	0	.587
South Africa	22	22	0	.500
India	24	21	0	.529
West Indies	23	21	0	.520
Sri Lanka	18	26	0	.409
Zimbabwe	17	27	0	.386

### RUGBY LEAGUE

#### STATE OF ORIGIN

Team	W	L	T	Pct.
New South Wales	26	10	0	.722
Queensland	25	11	0	.694
Western Australia	24	12	0	.667
Victoria	23	13	0	.643
Tasmania	22	14	0	.611
South Australia	21	15	0	.588
Northern Territory	20	16	0	.560

### TRANSITIONS

#### BASEBALL

Team	W	L	T	Pct.
Atlanta	41	13	0	.759
San Francisco	36	24	0	.600
Los Angeles	29	30	0	.492
Colorado	26	34	0	.433
Arizona	19	41	0	.317

### THE WEEK AHEAD

#### SATURDAY, JUNE 6

Team	W	L	T	Pct.
Atlanta	41	13	0	.759
San Francisco	36	24	0	.600
Los Angeles	29	30	0	.492
Colorado	26	34	0	.433
Arizona	19	41	0	.317

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SPORTS

# Capitals, on 24th Try, Reach the Cup Finals

## A 3-2 Victory Over 'Best Goalie in World'

By Joe Lapointe  
New York Times Service

**BUFFALO, New York** — For the first time in their 24-year history, the Washington Capitals are going to the Stanley Cup finals.

They earned their berth Thursday night by beating the Buffalo Sabres by 3-2 in overtime to clinch the Eastern Conference finals, 4 games to 2.

Washington's Joe Juneau scored the winning goal at 6 minutes 24 seconds of overtime when he charged toward the crease and knocked a loose puck over the goal line after the Buffalo goalie, Dominik Hasek, failed to cover it. The play was fashioned by Brian Bellows of

Despite Hasek's great efforts this season, the Capitals are also led by a good goalie: Olaf Kolzig. Born in South Africa, raised in several places in Canada and an international player for Germany, Kolzig has been, consistently, the best goalie remaining through the first three rounds of the tournament.

It was the third overtime game of the series: Washington won the first two.

Playing in his first postseason game this spring, Paul Kruse of the Sabres scored at 7 minutes 40 seconds of the third period to break a 1-1 tie. After a long shot by defenseman Bob Boughner, Kruse and his linemates charged and created congestion in front of Kolzig. The puck may have hit Kruse as it passed through.

Washington evened the match at 2-2 at 14:01 on a power-play goal by Peter Bondra.

Geoff Sanderson was in the penalty box for interfering with Dale Hunter of the Capitals, a call that was bitterly protested by the Sabres and their fans. Bondra, uncovered in front of the net, knocked the puck past Hasek as the goalie tried to scramble back into position, from left to right.

After playing a scoreless tie for more than 33 minutes, the teams exchanged even-strength goals within a span of 22 seconds, and the score stood at 1-1 going into the third period. Scoring for Buffalo was Michael Peca, who slapped the puck past Kolzig at 13:04 after a pass from Dixon Ward. The goal finished a rush that formed at the other end after Washington had maintained pressure for an entire shift.

The Capitals got the goal right back at 13:26 when Esa Tikkanen, uncovered next to Hasek's crease, turned in a shot by Mark Tinordi.

### NHL PLAYOFFS

The Capitals, who stickhandled around the defense on the left side and fired the first shot against Hasek. Hasek was sprawled in his crease and reaching with the glove on his left hand when Juneau knocked it in.

"We faced the best goalie in the world," Juneau said of Hasek. "It's not easy. The puck just came out, and he had no chance to stop it."

The Capitals will face either Detroit or Dallas in the championship round, which will begin Tuesday night in the arena of the Western Conference winner.

The defeat ended the brilliant season of Dominik Hasek, the Buffalo goalie who led the Czech Republic to the gold medal in the Olympic Games in February. Although Hasek and his teammates are through for the season, he is a finalist for both the Hart and Vezina trophies, given to the league's most valuable player and its best goalie.



The Yanks' second-baseman, Chuck Knoblauch, leaping over Tampa's Paul Sorrento to complete a double play.

# Gooden Wins His First as an Indian

The Associated Press

Dwight Gooden won for the first time with Cleveland as the Indians beat the Twins in Minneapolis, 3-2.

Gooden (1-2) allowed one run and six hits in six innings on Thursday night. The run was scored on Marty Cordova's second-inning home run.

The 33-year-old pitcher was making his third start of the season after opening the year on the disabled list because of biceps tendinitis. Mike Jackson pitched the ninth for his 13th save.

**Blue Jays 9, Tigers 6** In Toronto, Shawn Green and Carlos Delgado hit two-run homers and Ed Sprague had a three-run double as the Blue Jays beat the Tigers. It was Detroit's fifth straight loss. Woody Williams (7-2) won his fourth straight decision despite giving up six runs and seven hits in six innings.

**Athletics 6, Rangers 1** Rickey Henderson homered for the third time in as many games and Jimmy Haynes and Bill Taylor combined on a five-hitter, leading Oakland past visiting Texas.

**White Sox 7, Royals 1** Jamie Navarro pitched a complete game, giving up eight hits, and Jeff Abbott hit a three-run home run as Chicago beat the Royals in Kansas City.

**Red Sox 9, Orioles 1** In Boston, Bret Saberhagen allowed one run in seven innings and Darren Lewis drove in three runs as Boston rebounded from its only shutout loss of the season with a victory over Baltimore.

Saberhagen (7-3) allowed seven hits, walked one and struck out three in his longest outing of the season. Lewis went 3-for-5 with an RBI single that put Boston ahead 3-0 in the second and his third homer of the season, a two-run shot, made it 5-0 in the sixth.

**Yankees 6, Devil Rays 1** Hideki Irabu held Tampa Bay to one run in 7½ innings, and Bernie Williams was 3-for-4 with two RBIs as New York beat the expansion Devil Rays at Yankee Stadium to extend its winning streak to four games.

Irabu (5-1), who lowered his league-leading ERA to 1.45, had six strikeouts and four walks. Graeme Lloyd got the final five outs. Paul O'Neill homered off Dennis Springer (2-9).

**Angels 6, Mariners 2** Darin Erstad and Gary DiSarcina homered as visiting Anaheim won its fifth straight.

Seattle's Ken Griffey Jr. hit his 22d

homer of the season, moving ahead of a teammate, Alex Rodriguez, for the AL lead. It was Griffey's third homer in three games.

**In the National League:**  
**Padres 5, Astros 1** In San Diego, Andy Ashby became the first big leaguer to pitch three straight complete games this season, and Greg Vaughn hit his 20th homer as the Padres beat Houston.

**Dodgers 3, Cardinals 2** Charles Johnson's one-out single in the ninth inning pushed Los Angeles past visiting St. Louis. Jim Eisenreich had a one-out single off Jeff Brantley (0-2), stole second and came home on Johnson's single to left-center.

**Rockies 5, Diamondbacks 2** John Thomson retired the first 14 Arizona batters and finished with a four-hitter as host Colorado beat Arizona.

Thomson (5-5) struck out six of the first 14 batters he faced and had a perfect game until Jay Bell homered with two outs in the fifth. Karim Garcia followed with a single, but was caught stealing.

Thomson struck out a career-high 11 in his first complete game of the season and third of his career. Dante Bichette had three RBIs, including a two-run homer off Omar Daal (1-4).

# Sportswriter Saw It All

## Shirley Povich Covered Ruth and Ripken

By Leonard Shapiro  
Washington Post Service

**WASHINGTON** — Shirley Povich, the prolific and profound sports columnist, war correspondent and sports editor whose elegant work in The Washington Post was mandatory reading in the newspaper for nearly 75 years, died Thursday night of a heart attack. He was 92 years old.

When Mr. Povich's first byline appeared in The Post in 1924, Calvin Coolidge was president of the United States, Walter Johnson was the "Big Train" of the Washington Senators pitching staff and the Washington Redskins had not yet been born. Jack Dempsey was the heavyweight champion of the world, and Lou Gehrig was still on the New York Yankees bench behind the first baseman Wally Pipp.

His last piece, filed to the newspaper from his home Wednesday, appeared on the front page of the Post's sports section Friday.

"This is my comeback column," said Mr. Povich, who had been feeling poorly the last month. He had been slowed by a heart ailment since last October, when he collapsed at a game in Baltimore.

For much of the last 75 years, Mr. Povich was a chronicler of many of the most significant events in the history of sports, from a press box seat covering the Senators' first World Series championship in 1924, to ring-side at the long-count Dempsey-Tunney fight in 1927, to the Chicago Bears' 73-0 victory over the Redskins in the 1940 National Football League championship. He debunked the myth that Babe Ruth had pointed to center field for his famous "called shot" home run in the 1932 World Series.

Mr. Povich also witnessed brash, young Cassius Clay's upset of Sonny Liston for the heavyweight title in 1964, was in Munich when 11 Israeli athletes were massacred by Palestinian terrorists at the 1972 Olympic Games, and saw Cal Ripken in 1995 break the Gehrig streak of 2,130 consecutive baseball games played.

"The first thing you say is that Shirley Povich was why people bought the paper," said Ben Bradlee, the retired executive editor of The Post, who first met Mr. Povich in 1948. "You got The Post for Shirley and the sports section. He was the sports section. For a lot of years, he carried the paper, and that's no exaggeration."

# Many Inquire, but the Mets Get Nomo

By Murray Chass  
New York Times Service

**NEW YORK** — Two weeks after the New York Mets acquired Mike Piazza from the Los Angeles Dodgers, they reunited him with one of the pitchers he caught every five days, Hideki Nomo.

The Dodgers shipped the Japanese right-hander to the Mets on Thursday night along with a reliever, Brad Clontz. The Mets sent the Dave Mlicki, their No. 5 starting pitcher, and a reliever Greg McMichael, to the Dodgers.

Nomo, whom the Dodgers had designated for assignment following his request to be traded, had a 2-7 record and a 5.05 earned run average in 12 starts this season. He had reportedly hoped he would be traded to the Mets.

According to a source familiar with the development, the pitcher's agent, Don Nomura, told the Dodgers that if they did not trade Nomo to the Mets, he would go home to Japan.

Besides rejoining Piazza, Nomo becomes a teammate of his best friend, Masato Yoshii, another of the Mets' starting pitchers. They will make the Mets the first team in major league history with two Japanese starting pitchers, and New York will have three, including the Yankees' Hideki Irabu.

The Mets have had good starting pitching this season, but Mlicki was the weak link with a 1-4 record and 5.68 ERA.

Nomo, the National League rookie of the year in 1995, has never duplicated that season's performance of 13-6 and 2.54 era. His record has slipped in each succeeding season, reaching 14-12 and 4.25 last season, though he has maintained his strikeout total.

The decision of Fred Claire, the Dodgers' general manager, to designate Nomo for assignment — that meant the Dodgers had to move him within 10 days — was a shocking development, apparently even to Nomo and Nomura, who thought the Dodgers

would just proceed with an attempt to trade the 29-year-old native of Osaka.

Claire, however, explained that he took that step because he did not want Nomo pitching for the Dodgers once he publicly declared his desire to be traded. Nomo had planned to disclose that desire at a news conference last Monday, but at that session Claire announced his action.

More than half of the 30 major league teams called Claire to inquire about a possible trade, but apparently only a handful seriously pursued Nomo. The Baltimore Orioles were interested, but the Dodgers wanted a starting pitcher in return. Cleveland also was said to have tried to make a deal with the Dodgers.

The Mets willingly included Mlicki in the package, but they did not want to part with McMichael; they would have preferred including John Hudek or Turk Wendell. But the Dodgers wanted a reliever of the caliber of McMichael, and the Mets relented because they wanted Nomo.

# Tobacco Law Gives Drivers A Lift Before Montreal Prix

By Brad Spurgeon  
International Herald Tribune

**PARIS** — Canada's decision on anti-tobacco legislation couldn't have come at a better time for motor racing — just ahead of Sunday's Grand Prix in Montreal.

The announcement earlier this week by Health Minister Allan Rock that the government will postpone a total ban on tobacco advertising for another five years — giving racing teams time to find alternate means of sponsorship — also comes at a time when Canadian drivers have never done better in motor racing.

Their achievements are impressive: In 1995, Jacques Villeneuve became the first Canadian, and the youngest driver ever, to win the IndyCar title and the Indianapolis 500. Last year, he became the first Canadian Formula One world champion.

Greg Moore is in second place in the Championship Auto Racing Teams series, where last year he became the youngest man to win a race, and where Patrick Carpentier was the 1997 Rookie of the Year and Paul Tracy has 13 victories.

Scott Goodyear is known as the most deserving driver never to win the Indy 500, having finished second twice, and been disqualified once while in the lead. Moore associates their success with "the Crazy Canuck theory," where seemingly nice, polite Canadians are really wild under the surface, especially behind the wheel.

Others, like Pierre Savoy, a racing teacher, credit their driver training grounds. Savoy taught both Villeneuve and Carpentier as teenagers at the Spennard-David Racing School in Shannonville, Ontario, where Moore too was a student.

Both Paul Anderson, president of the Canadian Racing Drivers Association, and Gerry Malloy, an automotive engineer and racing journalist, add to that the tracks at Mont Tremblant, Quebec, and Mosport, Ontario.

"They're two of the most challenging tracks in the world," Malloy said. "If you can master those tracks, you can race anywhere."

Savoy said that the current crop of drivers were inspired by the example of Gilles Villeneuve, the father of Jacques and the first Canadian Formula One hero, who died in a crash in 1982. "And there will now be another wave of young people who are inspired by Jacques' career," he said.

But without the support of the tobacco companies, there would be no Canadian racing heroes. Most were sponsored by Imperial Tobacco Ltd., of Montreal. Its Player's brand cigarettes created a team for Jacques Villeneuve in IndyCar, and without that showcase he would not have gotten to Formula One.

As a result of the Villeneuve success, Player's started its Driver Development Program, directed by Richard Spennard, who co-owned the Shannonville school.

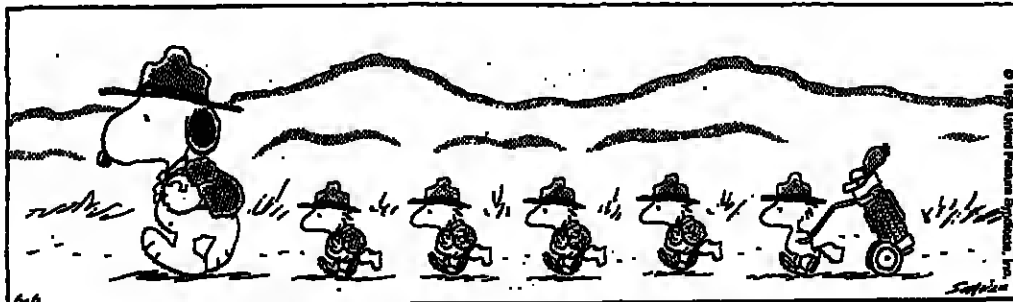
But tobacco money has not yet helped Villeneuve's Williams car. The driver, named Canada's male athlete of the year in 1997, is hoping recent improvements will give him his first victory this year, and on the track that bears his father's name.

### DENNIS THE MENACE



"YOU THINK THAT MERTALS WOULD BOUNCE HIGHER THAN THAT!"

### PEANUTS



GARFIELD



BEEBLE BAILEY



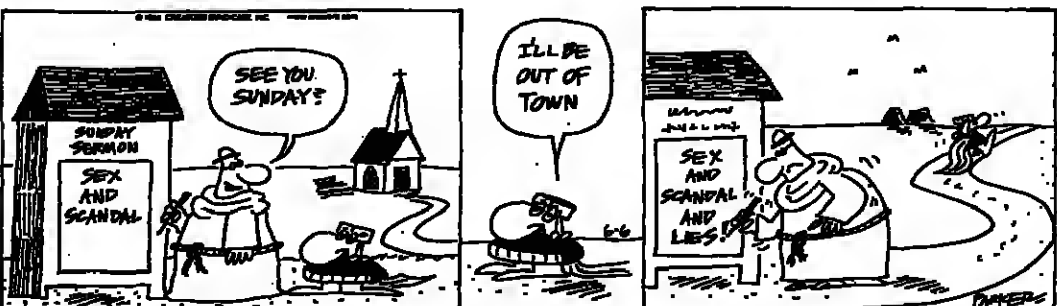
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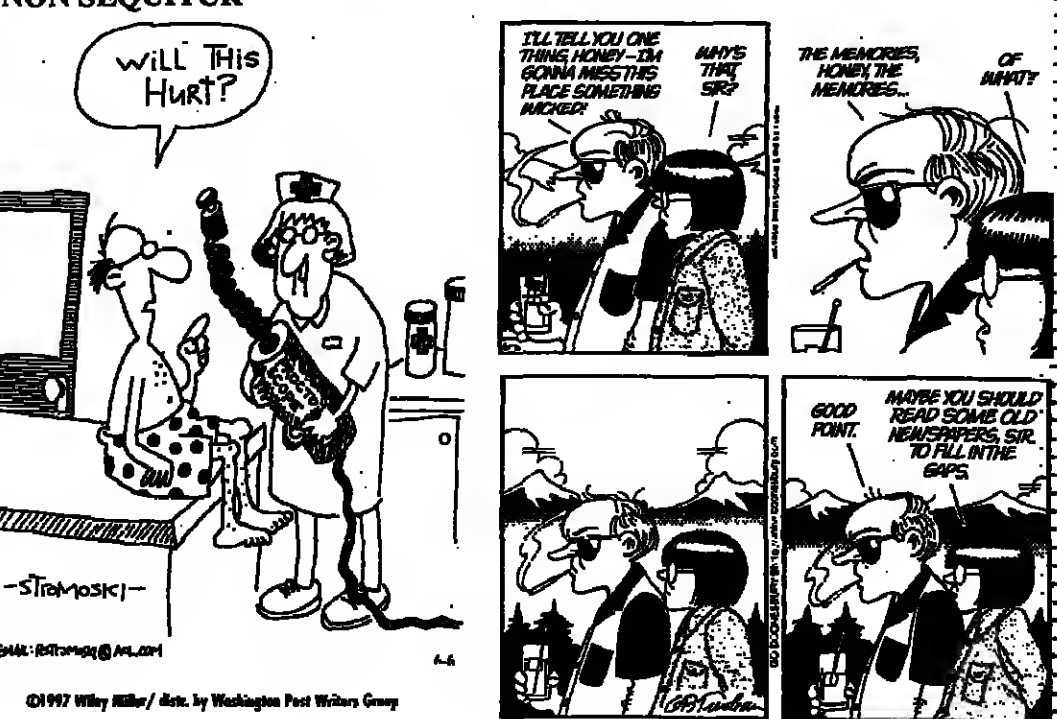
### CALVIN AND HOBBES



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Unscramble these four words and you have the answers to the four questions below. The answers are in the same order as the questions.

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DAVE BARRY

## It's Travel Tip Time

**MIAMI** — It's time for Vacation Travel Tips, the feature whose motto is: "Don't let your summer vacation fun be spoiled by a grenade attack!" This year my No. 1 tip is aimed at those of you who are planning to take your summer vacations in Thailand. The tip is as follows: Watch out.

I'm not saying don't go to Thailand. Thailand is a lovely country. In fact, the word "Thailand" means, literally, "land of Thai." I have never been there, but I have seen several pictures of it in National Geographic (unless that was India). Also, I often eat at my local Thai restaurant, where I always order something called "Volcano Chicken," a traditional Thai dish made from a type of chicken that is extremely spicy. On Thai farms, this chicken has to be kept away from the other animals, because every now and then it goes "Cluck!" and bursts into flame. So you should never eat it without beer.

My point is that I love Thailand, and you should definitely vacation there. But you should be aware of an alarming Associated Press news story, sent in by alert reader Brian Kinney, concerning a tragic incident that occurred in Thailand because of gangs fighting over — I swear I am not making this up — bat dung. According to the article, some villagers in an area northeast of Bangkok had been "gathering bat dung in a mountain cave," and when they emerged from the cave "with seven sacks of valuable dung," somebody threw a grenade at them. The story states that Thai police "believe rival dung gatherers were behind the attack." Unfortunately, the story does not answer any of the questions that immediately spring to mind, namely:

1. Is there a rock band called "Rival Bat Dung Gatherers"? 2. Why not?

Seeking to "get to the bottom" of this story, I made an intensive effort to contact the Thai authorities by looking up "Thailand" in the Greater Miami telephone directory. There was a listing for "Thailand Honorary Consulate" but when I called it, I got one of those automated answering systems, which offered seven menu choices, not one of which, if you can believe it, involved bat dung. (There also was no choice for Volcano Chicken.)

So my advice to you is: Go to Thailand! Have fun! But under NO circumstances should you do anything that might give gang members the impression you are planning to gather bat dung. Wherever you go — restaurants, markets, hotels, temples — every few minutes, you should turn to your traveling companion and remark, in a loud voice: "I have no intention of gathering bat dung!" If you have no traveling companion, make a puppet with your hand and talk to it.

Our next Vacation Travel Tip comes from an article in the April 1998 issue of Discover magazine, which was alertly sent in by many readers. The article concerns important research being done at the University of Western Ontario by an insect scientist (or, technically, an "insect scientist") named Stanley Caveney, who is studying an amazing insect called the "skipper caterpillar." The article says the skipper caterpillar has the ability to shoot "fecal pellets" a distance of SIX feet.

## Try to avoid high-speed caterpillar doot.

The purpose of this ability is to evade predatory wasps, which locate the caterpillar by zeroing in on the smell of feces. Dr. Caveney has determined that the skipper caterpillar has a sophisticated launching mechanism in its rear end (or, technically, "butt") that involves a buildup of blood pressure until, as Dr. Caveney puts it, "the whole thing explodes, firing the pellet through the air." I bet you're thinking what I'm thinking: Wouldn't it be terrific if we could train these caterpillars to serve as fiercely loyal watchdogs, protecting senior citizens in high-crime areas?

MUGGER: Hand over your money and your dentures!

SENIOR CITIZEN: Get him, Rex!

REX: Phuuut!

MUGGER: Yuck!

I think "Skipper Caterpillar" would be a very strong concept for a children's Saturday-morning show, with numerous spin-off merchandising possibilities, including an action figure with Realistic Launching Action. But that is not my main point. My main point is: If you are planning to take your summer vacation in an area frequented by skipper caterpillars, watch out. I tried to find out where these areas are by contacting Dr. Caveney, but — incredibly — the University of Western Ontario is not listed in the Greater Miami telephone directory.

So your best bet is to assume, no matter where you are, that at any moment you could be hit by a high-speed caterpillar doot, followed, seconds later, by predatory wasps. Other than that, have a fun, fun, fun summer vacation, always bearing in mind that "The Fecal Pellets" would be an excellent name for a rock band.

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## An Elegant Guide Through the French Labyrinth

By Mary Blume  
International Herald Tribune

**PARIS** — The old song that said I'm going to sit right down and write myself a letter was dotty enough but at least feasible. In France it is writing to people other than oneself that is so full of traps, from the start — Monsieur/Madame or Cher(e) Monsieur/Madame? — to signing off with *sentiments* or *salutations* or *consideration* that may be distinguished, respectful, cordial or none of the above. Help is needed, and found in the ancient trade of *ecrivain public* or public scribe.

Traditionally, scribes have served the needy illiterate, but these days they tend to help clients through the maze of dealing with France's 5 million bureaucrats. They also write résumés, job applications and, sometimes, love letters.

"Only a few love letters. Maybe five or six a year," says Lionel Bamond, who has been a scribe for six years. "It's a shame because that's what I like best. It's my specialty, I really take time over it." He is the only scribe in St. Germain des Pres, the famed literary quarter a tome's throw from the Académie Française. His clientele, he says, is very classy, and he receives them at his computer keyboard in a basement prettily decorated with fake flowers and seven cats. In addition to writing the usual letters, he edits for neighborhood publishing houses, ghosts for businessmen who have to write articles and helps out on these, memoirs and company reports.

There is no special training or license for scribes, he says. Bamond came to the profession after working as an art auctioneer and a journalist and regards the crowded corner where he taps out his letters in the client's presence as a sort of confessional. "You have to be sharp, attentive. There is always a special emotion, an angle, certain emphases."



His approach is to open the correspondence softly. "I prefer to be nice, mediation is the best first step. I try to de-dramatize, a good arrangement is better than a lawsuit." If he fails, he can send his client to a lawyer or accountant. The tone he chooses varies according to the ministry he is addressing. "If you are writing to the Ministry of the Interior or the police about a question of nationality, the tone should be firm and mention the Rights of Man. With the tax people I prefer a tough approach — with them there is no straight highway, just a spider's web."

"With the president of the republic the protocol is very special. You have to leave a margin of six centimeters, with one and a half spaces between lines so annotations can be made and you should address him in the third person. You begin with 'Monsieur le Président de la République' and you express respect at the end. You never put an address or the date at the top, just 'Monsieur le Président de la République' in isolation." Church dignitaries also require complicated formulae. In fact, the whole carefully coded process sounds as if it could be summarized in a book without the help of a scribe.

No, says Bamond, have you ever seen a book that works? Well, yes, and a paperback of 200 model letters is brought out. It includes requests for a recipe from a close friend or a mere acquaintance, a letter stating an intention to disinherit one's children, anniversary greetings to parents, condolence letters of various levels of intimacy and grief, declarations of love (with suggestions for both a cool and enthusiastic response), salutations to cloistered and non-cloistered nuns and consumer complaints ("Monsieur, On opening a tin of your sausages I had the disagreeable surprise..."). The letters lack emotion, an angle, emphases.

"A lot of psychology is needed, and social sense. I have a very faithful clientele because I get results and I try to get them through *gentillesse*."

E-mail has added to, rather than taken away from, his business. Bamond could probably be even busier but says there are certain letters he won't write. "I don't write insulting letters. I don't like it, I'm a nice chap and I prefer mediation. Mediation works in 90 percent of cases, a letter of insult doesn't."

Bamond wears a gold cross and a pullover with a necklace. "I am happily married with children, I am a Catholic, I sing in a chorale, I do everything to be as balanced as possible."

But don't his religious beliefs sometimes interfere with the letters he is asked to write, the love letters for example? "Not if they express healthy sentiments."

And if they deal with an adulterous relationship? "It is true that I am sometimes confronted with such a situation, but one has to face it."

And if a client is flagrantly lying to the tax people? Here Bamond's face clears. "That's fine because it's a French sport," he says.

## PEOPLE

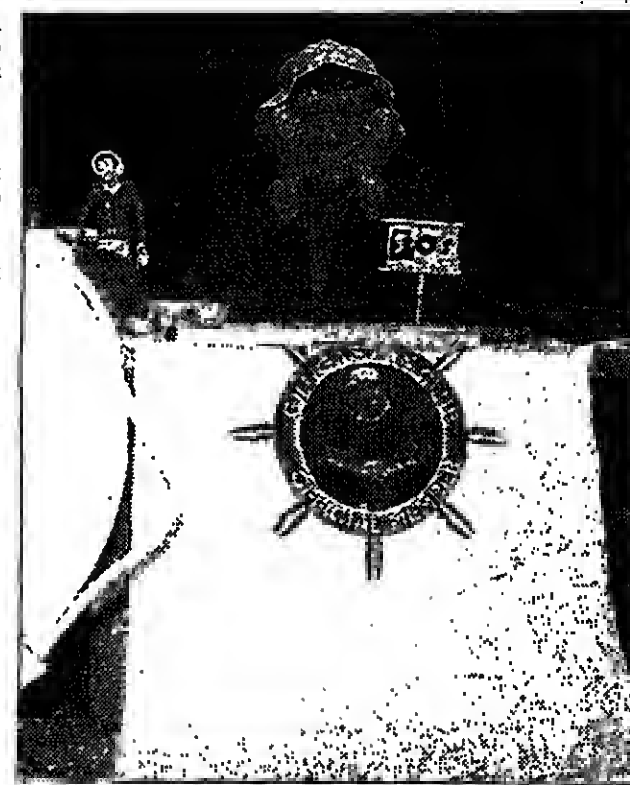
**CHECK** written by Lady Diana Spencer just before her engagement to Prince Charles sold for \$3,080 at an auction at R.M. Smythe in New York. The future Diana, Princess of Wales, wrote the check for £6 and 50 pence on Jan. 15, 1981, to buy costume jewelry from Ken Lane, a London jeweler. The check was never cashed.

Bob Denver, the star of "Gilligan's Island," was arrested after a package of marijuana was delivered to his home in Princeton, West Virginia. He was charged with marijuana possession and released on \$1,000 bond. "He was very apologetic over the incident and remorseful," a police spokesman said. Denver, 63, could face up to six months in jail and a \$1,000 fine if convicted of the misdemeanor. He starred as the hapless mate in "Gilligan's Island" from 1964 through 1967.

Billy Joel, suffering from asthma, canceled a joint concert with Elton John and apologized to the nearly 30,000 fans who had tickets to the show in Manchester, England. At the pair's opening concert, in Glasgow on Tuesday, Joel suffered an acute attack brought on by an upper respiratory infection. The concert will not be rescheduled, but promoters expect the two remaining shows, at Wembley in London this weekend, to go ahead.

Lisa Marie Presley, the daughter of Elvis Presley and ex-wife of Michael Jackson, has signed an exclusive recording contract with Java Records, a joint venture between Capitol Records and the Grammy-winning producer Glen Ballard. Her publicist said he didn't know what kind of music she would be doing. A Capitol Records spokeswoman, Judi Kerr, was also in the dark. "I have no idea," she said. "I am as intrigued as anybody else."

David Crosby, the singer-songwriter who was such a part of the 1960s social consciousness scene, is helping bring to the big screen "Stand and Be Counted," a documentary tracing pop music's role in bringing about social and political changes through the decades. Among those who will be interviewed for the film are Pete Seeger, Bob Dylan, Joan Baez, Carole King, Bonnie Raitt and Crosby's former bandmates, Stephen Stills, Graham Nash and Neil Young.



Bob Denver of "Gilligan" fame got a special delivery.

## Swedish King Celebrates 25 Years

Agence France-Presse

**STOCKHOLM** — Sweden will honor King Carl XVI Gustaf's 25 years on the throne Saturday, with festivities that include a gala concert and dinner and a horse-drawn carriage procession through Stockholm.

The 52-year-old monarch technically celebrates his quarter century's reign on Sept. 15. But fearing the festivities would interfere with the nation's general election on Sept. 20, he chose to hold public celebrations on June 6, the national holiday.

As part of the festivities — broadcast live throughout the day on Swedish television — the king, Queen Silvia, Prince Carl Philip and Princess Madeleine will travel by horse-drawn carriage through the city to the Skansen outdoor park for the concert. The dinner at the palace will include 2,000 people, from the country's 286 municipalities.



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